

A large, ornate fountain with multiple tiers and water jets, set against a clear blue sky. The fountain features intricate mosaics and sculptures, including two large roosters in the foreground. In the background, a yellow building with a red roof and palm trees are visible.

CITY OF CATHEDRAL CITY CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2008

Fountain of Life

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CITY OF CATHEDRAL CITY CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2008

PREPARED BY DEPARTMENT OF FINANCE

TAMI SCOTT

Administrative Services Director



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City of Cathedral City

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Fountain of Life (Cathedral City Civic Center)



Introductory Section



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City of Cathedral City, California Finance Department

December 15, 2008

To the Honorable Mayor, Members of the City Council and Citizens of the City of Cathedral City:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Cathedral City, California for the fiscal year ended June 30, 2008, with the Independent Auditor's Report, submitted in compliance with Municipal Code, Section 2.12.040. The CAFR has been prepared by the Finance Department, in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

I believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds, and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

The City's financial statements have been audited by Macias, Gini & O'Connell, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

FINANCIAL REPORTING AND FORMATS

The City has prepared its CAFR using GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Our CAFR is divided into the following sections:

The **Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

The **Financial Section** is prepared in accordance with GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes, and the Required Supplementary Information. Also included in this section is the Independent Auditor's Report on the Basic Financial Statements and schedules.

The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential bond investors and other readers.

In addition to this report, the City is required to undergo an annual "Single Audit" if certain conditions are met. This audit is performed in conformity with the provisions of the Federal Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations and Government Auditing Standards*, issued by the Comptroller General of the United States. Information related to this Single Audit is included in a separate report.

THE REPORTING ENTITY AND ITS SERVICES

The City, incorporated in 1981, is located in the western part of the Coachella Valley, which is considered to be one of the top growth areas in the state. The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four other council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a two-year term.

The City provides a full range of services, including police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, and general administrative support.

This CAFR includes the financial activities of the primary government, which encompasses several component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, the operations of the Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority, and the Cathedral City Downtown Foundation are blended with the City.

BUDGET OVERVIEW

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City of Cathedral City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity that does not exceed the amounts approved in the budget for any amending resolutions. Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

GOVERNMENT, ECONOMY AND STRATEGIC PLAN

Government

The original inhabitants of the Cathedral City area and the area now known as Coachella Valley were the Cahuilla Indians, who lived throughout the area for over two thousand years. Members of the Shoshone tribe, the Cahuilla Indians were industrious farmers, hunting local wildlife like deer and sheep when necessary to fulfill tribal needs. In 1876, the Agua Caliente Band, descendants of the Cahuilla tribe, established a 52,000-acre reservation, which encompasses 28 percent of the Cathedral City area.

The first Spaniards were thought to appear in the area in 1772, with the first settlers planting roots in approximately 1821. In 1850, Colonel Henry Washington of the U.S. Army Corps of Engineers discovered that the area's canyons resembled the interior of a grand cathedral and he named this canyon of majestic architecture Cathedral Canyon. In 1925, developers had the same impression, naming the area's first subdivision Cathedral City.

The City of Cathedral City, incorporated in 1981, is a business and resort community located in the heart of the Coachella Valley in eastern Riverside County, located approximately 110 miles east of Los Angeles and 115 miles northeast of San Diego. Bordered by Palm Springs to the west and Rancho Mirage to the east, it is the second largest city in the Coachella Valley, with an estimated 2008 population of 52,465. The City currently occupies a land area of approximately 24 square miles at an elevation of 400 feet above sea level and boasts an ideal climate of 350 sunny days a year, clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities.

From the original inhabitants, the Agua Caliente Band of Cahuilla Indians, Cathedral City has become a home of diversity in ethnicity, income and lifestyle. White-collar and blue-collar workers, professionals and retirees are all part of a population that works and lives together in a community striving for an enjoyable, prosperous and healthy lifestyle.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with two Council members elected every two years. The mayor is elected to serve a two-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the various department heads.

Economy

In recent years, Cathedral City has undergone major changes that have also affected other cities in the region. Population has grown, once-rural roads have become busy commercial corridors, and business activity has shifted from older centers to shopping plazas and malls in scattered locations. Through a public workshop process, the community resolved to revitalize the City's social and physical center. Cathedral City has committed itself to creating a unique high quality downtown that is the heart of the City's community pride and identity, bringing with it expanded opportunities for employment, housing, business and entertainment.

The City's centerpiece, the 70-acre Downtown Core and adjacent Pickfair Promenade, is fast becoming a dining, entertainment, and community destination for Coachella Valley residents, and, visitors, alike. Now "dinner and a movie" offers attractive options in downtown Cathedral City. Moviegoers can enjoy a film on one of the 14 screens at the Mary Pickford Theatres or on the six-story high screen at the Desert IMAX Theatre, the only 2D/3D facility in the Coachella Valley. Trilussa Ristorante and Buddy Greco's Dinner Club have joined old-time favorites The Red Tomato and El Gallito. Big Mama's adds a Cajun barbecue flair while the recently opened Picanha serves up traditional Brazilian style churrascaria in the Desert IMAX Theatre complex. In addition, Cathedral City Town Square features a uniquely designed, award-winning stone sculpture, the Fountain of Life, as well as bronze statues of film star George Montgomery and musician Buddy Rogers.

Other major attractions in Cathedral City include the 28-acre Big League Dreams Sports Park, the Cimarron Golf Resort, and various antique and consignment shops along Perez Road. The ultra-modern Cathedral City Public Library (to be re-opened in January 2009) provides a host of exhibits, historical collections, art, computer services and books from around the world. Cathedral City is home to nine parks which offer a variety of fun-filled activities for the whole family.

Strategic Plan

The City developed a three-pronged strategic plan to achieve the City's Mission Statement (*Moving Cathedral City Forward with Commitment, Pride and Excellence*). The three strategic elements and their respective current realities (what needs to be overcome) are identified below:

- Securing the revenue required to keep the community safe.
 - ✓ Cathedral City is a full service city.
 - ✓ Less property tax revenue as a result of being a post-Proposition 13 city.
 - ✓ Limited transient occupancy tax revenue.
 - ✓ Overdependence on one source of revenue – sales taxes.
 - ✓ No enterprise funds.
 - ✓ State cutbacks and mandates.
 - ✓ Increased costs of operations with the same level of staff.
 - ✓ Deficit spending, which is leading to a diminishing general fund reserve.
 - ✓ Infrastructure is yet to be built.
 - ✓ Downtown redevelopment stalled.
- Strengthening civic pride and public trust through partnerships.
 - ✓ Communication between the City and the community are improving.
 - ✓ Too many messages being delivered.
 - ✓ More consistent messages.
 - ✓ Public distrust of the message and the messenger.

- ✓ Apathetic community.
- ✓ Two city-wide events held with the Chamber of Commerce.
- ✓ New partnerships are in place.
- Focusing on service excellence.
 - ✓ Constantly recruiting and filling job openings.
 - ✓ Hard working, but overworked staff.
 - ✓ Improved staff morale.
 - ✓ Not enough middle management.
 - ✓ Lack of training.
 - ✓ Projects not clearly defined.
 - ✓ Conflicting development codes.

LONG-TERM FINANCIAL PLANNING

The City Council has established an informal target that the General Fund unreserved fund balance be at least 30% of the General Fund operating budget. The General Fund unreserved fund balance was 51% of the 2008 General Fund operating budget as of June 30, 2008.

The City is currently working on certain projects to generate General Fund revenue to provide basic services to residents, expand employment opportunities for local residents, assist small and start-up businesses, and broaden the spectrum of services and retail offerings for the community. Some of these projects include: sales tax generation through the expansion of automobile sales activity; transient occupancy tax generation through tourism industry development; and, general commercial development, as well as the adaptive reuse of existing commercial structures which are underutilized or vacant. As a result of a continued significant downturn in the local, regional and national economies, Cathedral City has projected a General Fund operating deficit over the next several years. At the current pace, operating reserves are projected to be depleted by 2012. Therefore, a City Council-appointed Finance Advisory Committee was established to review and determine the potential for alternative revenue sources. This led to the inclusion of a 3% Utility User's Tax (Measure "L") on the November 2008 ballot.

The City's "Downtown Core Revitalization Plan" is intended to create a downtown Cathedral City that will ultimately consist of a centrally-located Downtown Core flanked by mixed-use commercial districts to the south, east and west. The Downtown Core will consist of a tight cluster of commercial, entertainment and mixed-use buildings. In addition to the proposed Sheraton Desert Cove Resort, other planned developments in the Downtown Core include the adjacent 18-hole resort golf course, multi-story office building, retail space, a Starbucks coffee and espresso shop, and a 160-unit condo hotel. The project is expected to be completed in 2010. The Cathedral City Redevelopment Agency ("Agency") completed a \$110 million dollar tax allocation bond to fund improvements throughout the city in 2007. The City anticipates issuing an \$80 million bond for the hotel associated with the Desert Cove Resort project.

The "Cathedral City Parks and Recreation Master Plan" calls for the following to occur between 2008 and 2015:

- Develop 145 acres of land set aside for park use.
- Acquire another 200 acres.
- Develop the 200 acres between 2010 and 2015 and acquire an additional 150 acres.
- Build two swimming pools, which would include aquatic features, possibly a zero-depth area, water fountains, slides and boards, floating areas, spray stations and play structures.

- Add ten new soccer fields by 2015. (One of the fields, the 30th Avenue Soccer Park, was completed in 2008.)
- Add ten new baseball/softball fields by 2015.
- Provide two 50,000 square foot community recreation centers, one by 2010 and the second by 2015.
- Add tennis courts to the existing six.

Several options have been presented regarding the funding of the plan including grants from the National Park Service and the State Department of Parks and Recreation.

RELEVANT FINANCIAL POLICIES

Cash management policies and practices. The City Treasurer is responsible for the cash management and investment program of the City, which employs a pooled cash system. The City's investments are managed in compliance with the investment policy adopted by the City Council and reaffirmed annually. Cash temporarily idle during the year was mainly invested in securities of government agencies and the State Treasurer's investment pool.

Interest revenue is allocated to participating funds based on the quarterly ending cash balance of each fund. Interest revenue also includes changes in fair value of investments. Changes in fair value recognized in the current year do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City is self-insured against most worker's compensation, general liability and property claims. As part of this comprehensive plan, resources are being accumulated in an internal service fund (the "Insurance Fund") to meet current and potential losses. Estimated liabilities are budgeted annually in this fund to meet potential losses. In addition, various control techniques, including employee accident prevention training and supervisor training, have been implemented to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims in excess of \$250,000 and for general liability claims in excess of \$250,000 with a limit of \$5 million per occurrence and excess coverage up to \$40 million. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension benefits. The City contributes to the California Public Employees Retirement System (CALPERS), an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a period not to exceed 30 years.

MAJOR INITIATIVES

The Sheraton Desert Cove Resort at Cathedral City is a proposed 300-room resort hotel that will be operated under the Sheraton Flag by Starwood Hotels and Resorts ("Hotel"). The Hotel will be a first-class, full service lodging facility with an approximately 6,000 square foot spa, a 120-seat full-service restaurant, other food and beverage outlets, a grand ballroom, board room, business center and other amenities. The Hotel should be very attractive to the group meetings market, providing approximately 18,800 square feet of meeting space.

It is estimated that group business will account for nearly 65% of the Hotel's occupancy at stabilization. Transient business (predominately leisure with some corporate travel) is projected to make up the remaining 35% of the stabilized occupancy. The Hotel will also include a 2,500 square foot golf pro shop and a 7,500 square feet underground cart barn. An 18-hole Fred Couples Signature regulation length golf course is being developed adjacent to the project. The golf course will be developed on 220 acres and is planned to be a 6,623 yards, par 71 course. The City anticipates groundbreaking for the golf course associated with the Desert Cove Resort project in Fall 2010.

The Agency has spent the last five years preparing for this project. The 12-acre site of the proposed conference center hotel was once blighted with limited infrastructure. The Agency has contributed considerable financial, political and human resources to make this project successful. The relocation, demolition, and acquisition costs alone have been in excess of \$14 million. The utilities and infrastructure to the site has cost more than \$6 million. As for the golf course portion, 50% of the underlying land is owned by the Agency, and will be leased to the developer for \$1, plus \$3 per round. To assure the golf course will be ready by the opening of the hotel, the Agency has agreed to lend the golf course developer 50% of the construction costs (approximately \$6 million) in exchange for a first lien position on the land and the golf course itself. In addition, the Agency and the City have also pledged site-specific available property taxes and transient occupancy taxes to the project, as well as a limited pledge of the Agency's tax increment revenue.

In 2008, the City annexed approximately 4,700 acres north of Interstate I-10 from Riverside County, California. Approximately 2,900 acres of the 4,700 acres will be placed into open space conservation per the provisions of the Multi-Species Habitat Conservation Plan. Primary regional and local access to this area is provided by existing interchanges of Interstate 10 at Date Palm Drive, Palm Drive and a future projected third intersection at DaVall Road. The City is in the process of completing a "North City Specific Plan" to identify the highest and best use of this land mass, which will include zone changes to better define appropriate opportunities for future growth and development while maintaining the City's natural resources and scenic environment. The area is currently envisioned to accommodate approximately 10.4 million square feet of business park, light industrial and mixed use commercial space. Development is anticipated to include hotel rooms, retail, offices, entertainment, resorts and light manufacturing, as well as almost 10,000 new residential units.

The Agency is currently working with Cathedral City Town Center Ventures on finalizing business terms for the development of an approximate 23 acre mixed-use development adjacent to the Mary Pickford Theatres. The development, located at the northwest corner of East Palm Canyon Drive and Date Palm Drive, will consist of retail, restaurant, office and residential uses. Suites will range in size between 5,000 and 24,000 square feet.

The City recently approved a new commercial development, Uptown Village. The development will be located on 9.41 acres at the northeast corner of McCallum Way and Date Palm Drive with a proposed 72,000 square feet of commercial retail space to be constructed in two phases. Phase I construction will consist of approximately 38,000 square feet in three buildings, with one of the buildings being a 17,000 square foot drive-through drug store. Phase II construction will consist of four buildings and include approximately 33,700 square feet. Suites of varying sizes will be available to meet retail tenant needs.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the third consecutive year that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the

City of Cathedral City

Letter of Transmittal (continued)

December 15, 2008

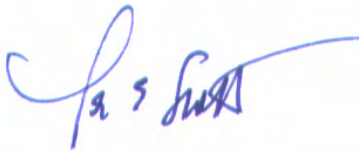
City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awards a Distinguished Budget Presentation Award for governmental budgets. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. For the first time, the City's Adopted Biennial Budget for Fiscal Years 2008/09 and 2009/10 was submitted to GFOA for consideration of this award. In October 2008, the City was notified that it had received the Distinguished Budget Presentation Award.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Tami E. Scott
Administrative Services Director

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Cathedral City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



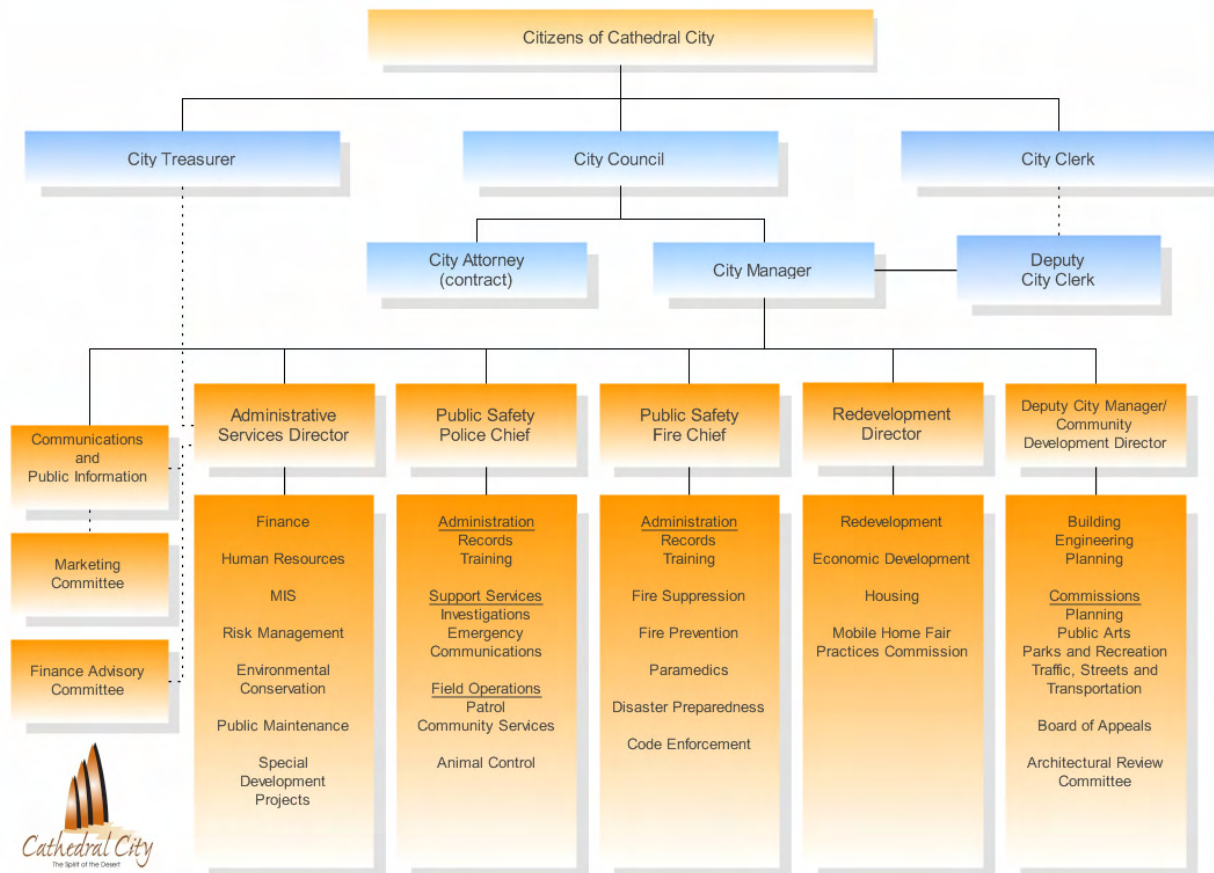
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

ORGANIZATION CHART

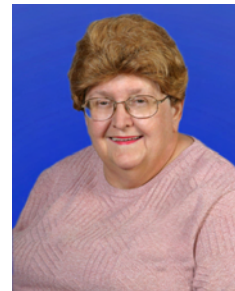


City of Cathedral City
List of Principal Officials

Mayor	Kathleen DeRosa (seated)
Mayor Pro Tem	Charles (Bud) England (2 nd from left)
Council Member	Gregory Pettis (far right)
Council Member	Paul Marchand (far left)
Council Member	Charles Vasquez (2 nd from right)



City Clerk	Pat Hammers
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City Manager	Don Bradley
--------------	-------------



City Treasurer	Henry Chan
Deputy City Manager	Julie Baumer
City Attorney	Charles Green
Chief of Police	Stan Henry
Fire Chief	Bill Soqui
Administrative Services Director	Tami Scott
Redevelopment Agency Director	Jan Davison
City Engineer	Bill Bayne
City Planner	Leisa Lukes

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Fountain of Life (Cathedral City Civic Center)



Financial Section



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MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

NEWPORT BEACH
1201 Dove Street, Suite 680
Newport Beach, CA 92660
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of Cathedral City, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cathedral City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – An amendment of GASB Statements No. 25 and 27*.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2008 on our consideration of the City of Cathedral City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Jini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 9, 2008

Fountain of Life (Cathedral City Civic Center)



Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Cathedral City ("City") provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30, 2008, by \$179.6 million (reported as *net assets*).
- The City's total net assets increased by \$11.3 million. Approximately \$1.7 million of the increase is attributable to reclassifying the 2004 Limited Obligation Bond A Fund from an agency fund to a debt service fund. The remaining increase of \$9.6 million was the result of revenues exceeding expenses.
- At June 30, 2008, the City's governmental funds reported combined ending fund balances of \$244.8 million, which is a decrease of \$7.0 million (or 2.8%) in comparison to June 30, 2007.
- The City's total debt decreased by \$4.3 million mainly due to the payment of principal on outstanding debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) *government-wide* financial statements, (2) *fund* financial statements, and (3) *notes* to the financial statements. This report also contains other *supplementary information* in addition to the basic financial statements. For the sixth consecutive year, this report includes government-wide financial statements as required by GASB No. 34.

Government-wide financial statements provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The ***fund financial statements*** focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be divided into three categories:

- The *governmental funds* statements tell how general government services like public safety and public works were financed in the short term as well as what remains for future spending.
- *Proprietary fund* statements offer short- and long-term financial information about the activities the government operates like businesses.
- *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as agent or trustee for the benefit of others, to whom the resources in question belong.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

The financial statements also include **notes** that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of **required supplementary information** that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements (Reporting the City as a Whole)

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. The *Statement of Net Assets* and the *Statement of Activities* report information about the City as a whole and about its activities in a way that helps answer the question, "Is the City as a whole better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and the changes in them during the fiscal year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's roads, etc. need to be taken into account when assessing the overall health of the City.

In the *Statement of Net Assets* and the *Statement of Activities*, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here. These activities are supported by taxes and inter-governmental revenues. The governmental activities of the City include public safety, public works, community development, culture and recreation, general administration and finance, and general city responsibilities.
- **Business-type activities** – These activities are intended to recover all or a significant portion of their costs through user fees and charges. The City's business-type activity consists of the Cathedral City Downtown Foundation, a component unit, which currently operates the IMAX Theatre.
- **Component units** – The Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority and the aforementioned Cathedral City Downtown Foundation are legally separate component units. The component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City even though they do not provide services directly to the City. Although legally separate from the City, these component units are blended with the City government because of their exercise of authority and their financial relationships with the City.

Fund Financial Statements

The **fund financial statements** are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific resources of funding and spending for a particular purpose. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is helpful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* for the General Fund, Solid Waste Special Revenue Fund, Redevelopment Agency Area 3 Debt Service Fund, Public Financing Authority Debt Service Fund, Areawide Capital Projects Fund, 2007 TAB B Capital Projects Fund and 2007 TAB C Capital Projects Fund (which are considered to be major funds). Data from the remaining governmental funds are combined into a single, aggregated presentation (nonmajor funds). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. These funds are reported using **modified accrual accounting**, which measures cash and all other financial assets that can readily be converted to cash.

The City adopts an annual appropriated budget. The City's budget reflects its priorities and informs the taxpayers and ratepayers what is being done with their money. Budgetary comparison statements have been provided in the required supplementary information for the General Fund and Solid Waste Fund to demonstrate compliance with the budget. Budgetary comparison statements for other appropriated non-major governmental funds are provided in the other supplementary schedules.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. Proprietary funds (enterprise and internal service) utilize the same method used by private sector businesses, or **accrual accounting**.

Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The City reports the Cathedral City Downtown Foundation, which currently operates the IMAX Theatre, as an enterprise fund. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. The City currently reports Equipment Replacement and Insurance internal service funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- *Fiduciary funds* – The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate *Statement of Fiduciary Assets*. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City's *agency funds*, a type of fiduciary fund, include special assessment funds that account for receipts and disbursements for the debt service activity of the special assessment districts within the

City. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found on pages 55 through 93 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including budgetary comparison statements for major governmental funds. Required Supplementary Information and accompanying note can be found on pages 95 through 100 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the appropriately labeled tabs. Combining and individual fund statements and schedules can be found on pages 101 through 172 of this report.

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Management's Discussion and Analysis continues on the next page.)

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This is the sixth year that the City has presented its Financial Statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. The current year's analysis compares this year's data primarily to the prior year.

Analysis of Net Assets

Net Assets - Government-Wide
June 30, 2008
(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		
	2008	2007	2008	2007	2008	2007	Change
Assets:							
Current and other	\$ 266,152	281,585	109	-	266,261	281,585	(15,324)
Capital assets, net	176,545	153,372	40	-	176,585	153,372	23,213
Total assets	442,697	434,957	149	-	442,846	434,957	7,889
Liabilities:							
Long-term liabilities outstanding	243,656	249,813	-	-	243,656	249,813	(6,157)
Other	19,480	16,874	91	-	19,571	16,874	2,697
Total liabilities	263,136	266,687	91	-	263,227	266,687	(3,460)
Net assets:							
Invested in capital assets, net of related debt	69,918	129,980	40	-	69,958	129,980	(60,022)
Restricted	153,336	165,751	-	-	153,336	165,751	(12,415)
Unrestricted (deficit)	(43,693)	(127,461)	18	-	(43,675)	(127,461)	83,786
	<u>\$ 179,561</u>	<u>168,270</u>	<u>58</u>	<u>-</u>	<u>179,619</u>	<u>168,270</u>	<u>11,349</u>

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by \$11.3 million (\$179.6 million compared to \$168.3 million) or by 6.7%.

The largest portion of the City's net assets (at 38.9%) reflects its investment of \$70.0 million in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire the assets at June 30, 2008. These same figures for June 30, 2007 were \$130.0 million in capital assets, net of related debt, or 77.2% of net assets. (The reduction in the investment in capital assets balance from 2007 to 2008 was the result of correcting the amount of outstanding debt to be applied to capital assets.) The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

For reporting purposes, net assets of business-type activities increased by \$58,000 from 2007 as the result of blending the component unit financial data of the Cathedral City Downtown Foundation. In 2007, this data was presented as a discretely presented component unit.

In the current year, as in the prior year, there was a deficit balance reported in unrestricted net assets for governmental activities. The deficit in the unrestricted net asset balance results from the recognition of long-term debt and other expenditures that have been utilized/incurred to fund redevelopment projects. The long-term debt will be repaid from tax increment revenue that will be generated as a result of redevelopment

City of Cathedral City
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

project activity in the future. This future tax increment revenue is not reflected in our financial statements, thereby resulting in the deficit net asset balance for governmental activities.

Analysis of Changes in Net Assets

Change in Net Assets - Primary Government
For the year ended June 30, 2008
(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		
	2008	2007	2008	2007	2008	2007	Change
Program revenues:							
Charges for services	\$ 6,003	10,717	743	-	6,746	10,717	(3,971)
Operating grants and contributions	3,881	4,091	300	-	4,181	4,091	90
Capital grants and contributions	3,180	10,237	-	-	3,180	10,237	(7,057)
General revenues:							
Property taxes	34,634	28,145	-	-	34,634	28,145	6,489
Sales taxes	8,345	10,008	-	-	8,345	10,008	(1,663)
Other taxes	2,110	6,240	-	-	2,110	6,240	(4,130)
Franchise fees	1,975	2,031	-	-	1,975	2,031	(56)
Interest and investment earnings	9,720	6,803	4	-	9,724	6,803	2,921
Miscellaneous	2,068	4,131	-	-	2,068	4,131	(2,063)
Total revenues	71,916	82,403	1,047	-	72,963	82,403	(9,440)
Expenses:							
General government	7,040	17,617	-	-	7,040	17,617	(10,577)
Community development	14,855	9,413	-	-	14,855	9,413	5,442
Culture and recreation	362	-	-	-	362	-	362
Public safety	21,556	19,703	-	-	21,556	19,703	1,853
Public works	4,874	4,960	-	-	4,874	4,960	(86)
Interest on long-term debt	13,855	8,070	-	-	13,855	8,070	5,785
Education	-	-	1,078	-	1,078	-	1,078
Total expenses	62,542	59,763	1,078	-	63,620	59,763	3,857
Excess (deficiency) before extraordinary item	9,374	22,640	(31)	-	9,343	22,640	(13,297)
Extraordinary item:							
Net gain on insurance recovery	264	-	-	-	264	-	264
Increase (decrease) in net assets	9,638	22,640	(31)	-	9,607	22,640	(13,033)
Net assets at beginning of year, as restated	169,923	145,630	89	-	170,012	145,630	24,382
Net assets at end of year	\$ 179,561	168,270	58	-	179,619	168,270	11,349

The City's net assets, overall, increased by \$9.6 million during the current fiscal year. For the fiscal year ended June 30, 2007, net assets overall increased by \$22.6 million. The components of the current year increase are explained in the government and business-type activities below.

Governmental Activities

Total revenues decreased by \$10.5 million from 2007, or by 12.7%. This was a result of program revenues decreasing \$12.0 million, or 47.8%, while general revenues increased \$1.5 million, or 2.6%.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

The breakdown of the overall program revenues decrease of \$12.0 million is as follows:

- Capital grants and contributions decreased \$7.1 million as a result of the following:
 - ◇ \$4.4 million reduction in capital grants received related to the Areawide Capital Projects fund.
 - ◇ \$2.4 million reduction related to correctly reporting monies received in 2008 by the Public Financing Authority.
 - ◇ \$1.8 million reduction related to 2008 Measure A monies received reported as operating grants and contributions.
 - ◇ \$1.5 million reporting adjustment made in 2007 for capital contributions related to the investment in special assessment district debt. This entry was not required in 2008 because of the current year prior period adjustment.
- Charges for services decreased \$4.7 million from 2007. Significant aspects of this decrease include:
 - ◇ \$5.3 million reduction related to correcting the reporting of internal service funds revenues.
 - ◇ \$0.5 million increase in Police Department reimbursements.
- Operating grants and contributions remained relatively unchanged from 2007 (\$0.2 million decrease).

The overall general revenues increase of \$1.5 million was the result of the following:

- \$2.9 million increase in interest and investment earnings was mainly the result of the additional earnings on unspent bond monies from the 2007 Tax Allocation Bonds issued.
- \$2.0 million decrease in miscellaneous revenues.
- \$0.6 million increase in taxes was the result of a \$2.4 million increase in property and other taxes while sales taxes decreased by \$1.7 million.

Total expenses increased by \$2.8 million from 2007, or by 4.7%. The breakdown of this increase is as follows:

- Public safety expenses increased \$1.9 million due mainly to increases in salaries (\$1.31 million) and benefits (\$0.69 million), respectively. Other expense categories decreased by a net of \$0.1 million.
- Interest on long-term debt increased \$5.8 million due to increases in interest expense related to outstanding debt and other notes payable. Of the total increase, \$4.8 million was related to interest on the 2007 Tax Allocation Bonds, Series A through C, issued in 2007.
- General government expenses decreased by \$10.6 million. Significant aspects of this decrease include:
 - ◇ \$2.9 million reduction related to correcting the reporting of internal service funds expenses.
 - ◇ \$2.8 million reduction related to reporting expenses related to the planning, building and engineering departments as community development expenses in 2008.
 - ◇ \$2.4 million reduction related to reporting certain expenses related to the RDA Administration fund as community development expenses in 2008.
 - ◇ \$1.9 million reduction related to correcting the reporting of bond issuance costs.

- Community development expenses increased by \$5.4 million. Significant aspects of this increase are as follows:
 - ◊ \$2.8 million increase related to reporting expenses related to the planning, building and engineering departments as community development expenses in 2008. These were reported as general government expenses in 2007.
 - ◊ \$2.4 million increase related to reporting certain expenses related to the RDA Administration fund as community development expenses in 2008. These were reported as general government expenses in 2007.
- Culture and recreation expenses increased by \$0.4 million. These expenses were reported in the general government and public works categories in 2007.
- Public works expenses decreased \$0.1 million from 2007.

Governmental Activities – Charts and Graphs

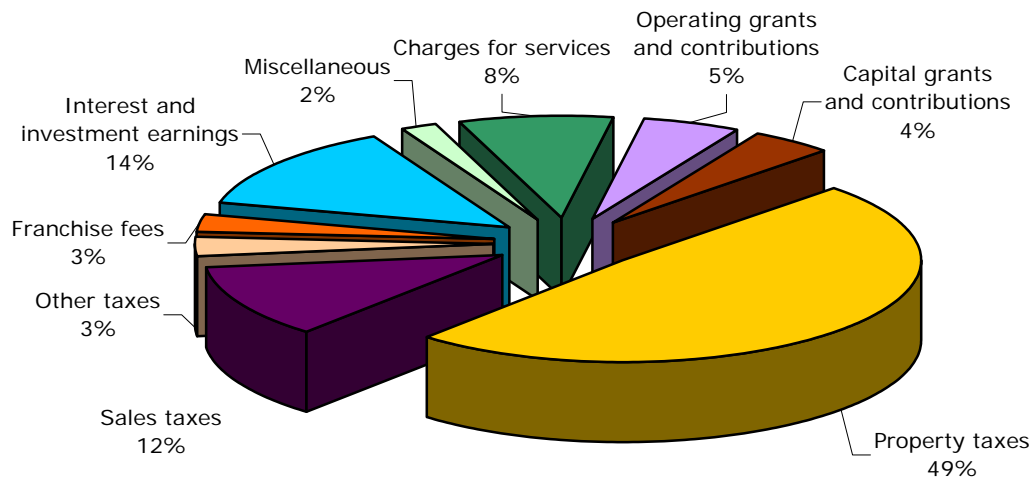
The charts and graphs which follow on the next few pages illustrate the City's governmental revenues by source, and its expenses and revenues by function. As can be seen, public safety is by far the largest function reflecting the City's greatest overall expense.

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Management's Discussion and Analysis continues on the next page.)

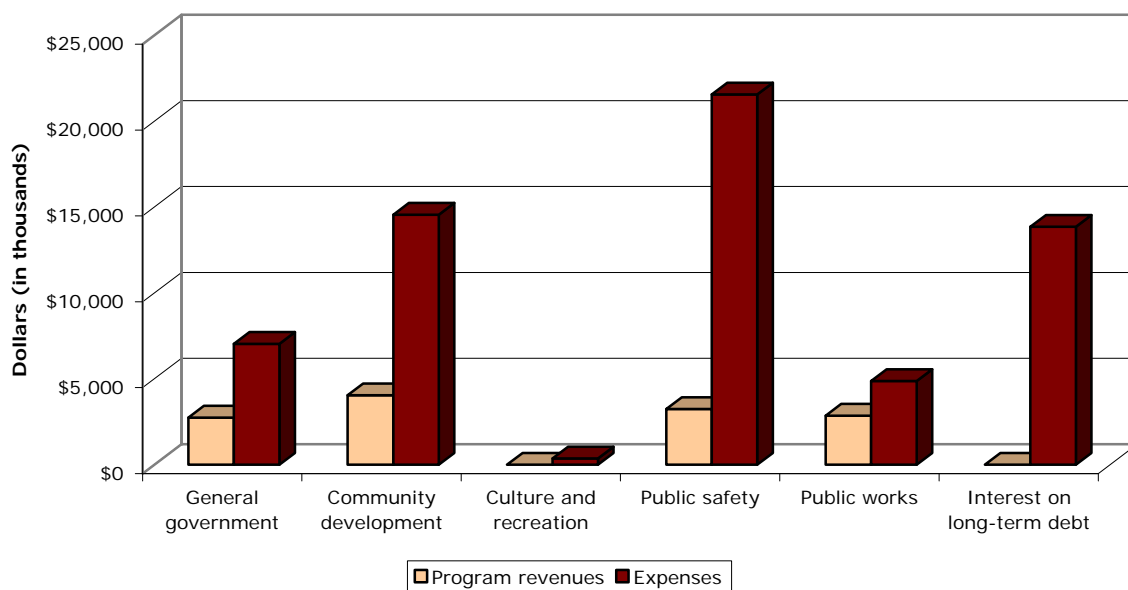
City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

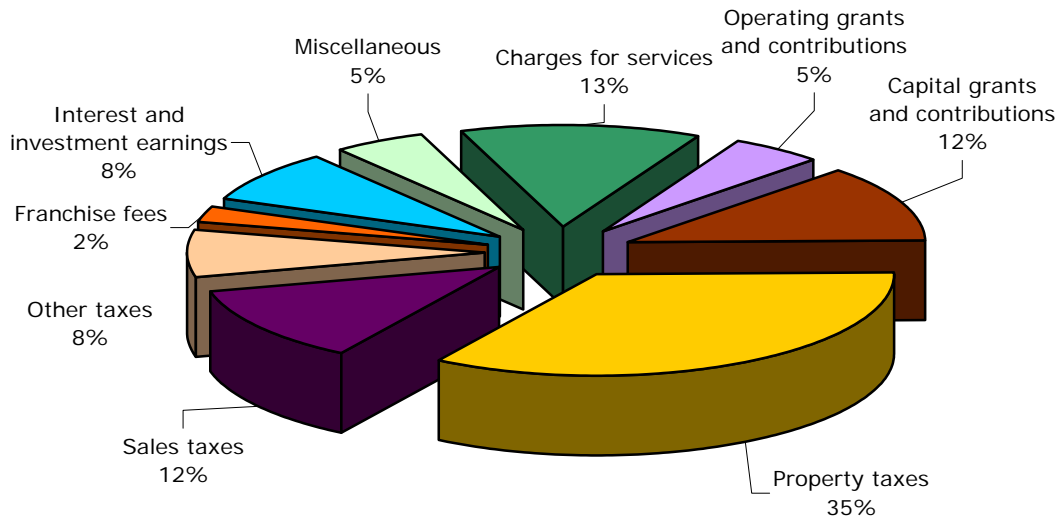
Revenues by Source - Governmental Activities - 2008



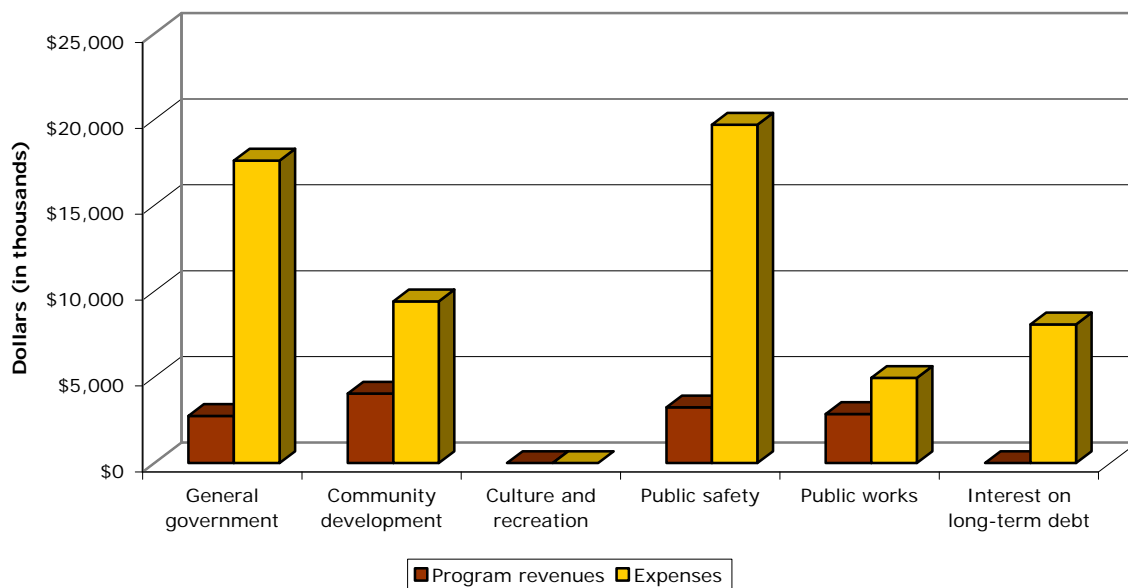
Program Revenues and Expenses - Governmental Activities - 2008



Revenues by Source - Governmental Activities - 2007



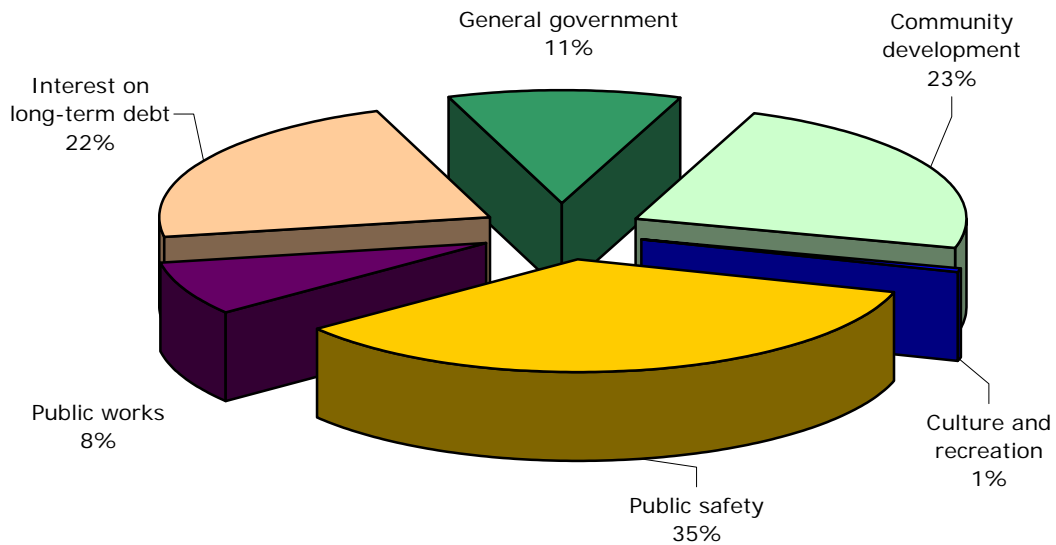
Program Revenues and Expenses - Governmental Activities - 2007



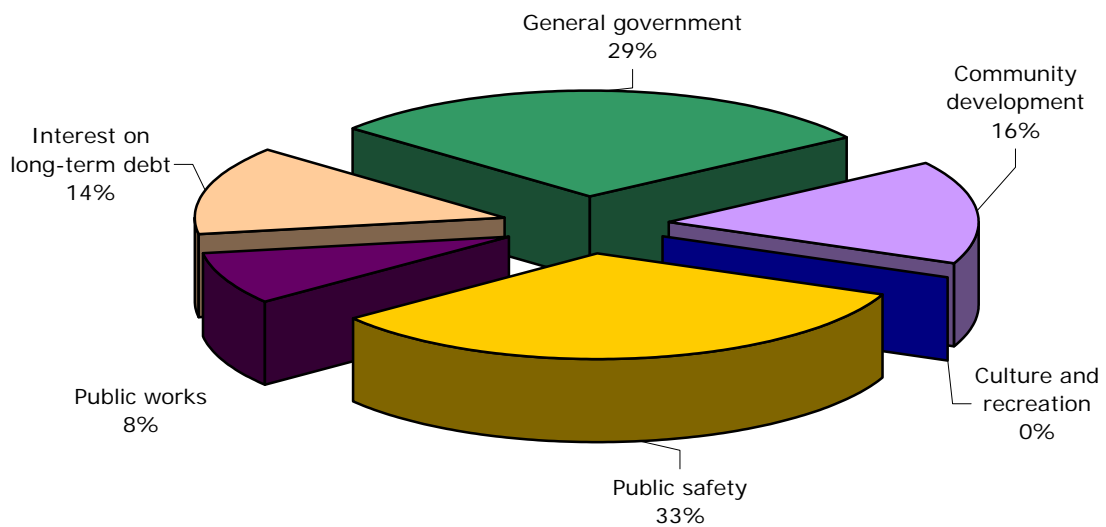
City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

Expenses by Type - Governmental Activities - 2008



Expenses by Type - Governmental Activities - 2007



Business-type Activities

Business-type activities, which represent the IMAX Theatre as operated by the Cathedral City Downtown Foundation, decreased the City's net assets by \$31,000 in 2008. The Foundation was reported as a discretely presented component unit in 2007.

The decrease in net assets was the result of lower program revenues (\$242,000, or 24.6% - \$743,000 in 2008 vs. \$985,000 in 2007), increased general revenues (\$3,000 or 100% - \$3,000 in 2008 vs. \$0 in 2007) and decreased expenses (\$119,000 or 10% - \$1,078,000 in 2008 vs. \$1,197,000 in 2007). The Cathedral City Downtown Foundation received a contribution of \$300,000 from the Cathedral City Redevelopment Agency, an increase of \$90,000 over 2007 (\$300,000 in 2008 vs. \$210,000 in 2007).

Total program revenues decreased by \$242,000 from 2007 as a result of a decrease of \$199,000 in box office revenues (\$594,000 in 2008 vs. \$793,000 in 2007) and a corresponding decrease of \$45,000 in concession sales (\$143,000 in 2008 vs. \$188,000 in 2007). Game commissions and miscellaneous revenues increased \$2,000 (\$6,000 in 2008 vs. \$4,000 in 2007).

The decrease in expenses of \$119,000 was mainly the result of lower film licensing costs (\$100,000 - \$304,000 in 2008 vs. \$404,000 in 2007) and salaries and benefits (\$19,000 - \$197,000 in 2008 vs. \$216,000 in 2007).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements. Financial highlights of the City's major governmental funds are discussed below.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,998,472, while total fund balance was \$20,247,747. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 50.1% of total General Fund expenditures, while total fund balance represents 63.4% of that same amount.

The fund balance of the City's General Fund decreased by \$6,232,394, or 23.5%, of the restated beginning fund balance. The reasons for significant changes in the revenues and expenditures of the City's General Fund from the prior year is as follows:

- Overall General Fund revenues decreased by \$0.5 million. The decrease was mainly due to a \$1.1 million decrease in charges for services, increases of \$0.3 million each in taxes, intergovernmental and revenues from use of money and property and a \$0.2 million decrease in licenses and permits. The significant aspects of the decrease in charges for services was reporting franchise fees as taxes in 2008, accounting for \$2.0 million of the decrease, and an increase in Police Department reimbursements of \$0.5 million.
- Overall General Fund expenditures increased by \$3.0 million, or 10.4%. The general government expenditure category decreased by \$2.9 million, while community development increased \$3.6 million from the prior year. Expenditures related to the planning, building and engineering departments and certain expenditures of the RDA Administration fund are reported as community development expenditures in 2008. These were reported as general government expenditures in 2007. Public safety expenditures increased \$1.9 million due mainly to increases in salaries (\$1.31 million) and benefits

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

(\$0.69 million), respectively. Public works expenditures decreased by \$0.2 million from the prior year while capital outlay expenditures increased \$0.5 million from 2007. Finally, culture and recreation expenditures increased \$0.1 million. This category was not separately reported in 2007, but was included as part of general government expenditures.

The **Solid Waste** Special Revenue Fund has a deficit fund balance of \$0.6 million as of the end of the current fiscal year. The deficit increased by \$0.3 million from 2007 as a result of decreased revenues (\$0.1 million) and increased expenditures (\$0.1 million). The increased expenditures were the result of additional materials and supplies purchased for recycling events.

The **Redevelopment Agency Area 3** Debt Service Fund has a total fund balance of \$14.2 million, all of which is reserved for debt service. The net increase in fund balance during the current year was \$3.8 million. Taxes revenue increased by \$1.9 million from the prior year and expenditures decreased by \$2.0 million from the prior year. Expenditures decreased in the current year because \$2.4 million of bond issuance costs were not incurred.

The **Public Financing Authority** Debt Service Fund has a total fund balance of \$12.1 million, of which \$3.1 million was reserved for debt service and \$9.0 million was reserved for investments held in trust for debt service. The net change in fund balance during the current year was a decrease of \$1.5 million. Revenues declined \$1.6 million due to an increase in interest revenue (\$0.8 million) and a decrease in contributions from property owners (\$2.4 million). Expenditures increased by \$2.9 million as a result of the additional interest costs related to the 2007 Tax Allocation Bonds.

The **Areawide Capital Projects** Capital Projects Fund has a total deficit fund balance of \$2.1 million, which is considered to be unreserved. The net change in fund balance during the current year was an increase of \$0.5 million. Revenues and expenditures were both down from 2007 (\$4.5 million and \$8.5 million, respectively) as a result of decreased activity in 2008.

The **2007 TAB B** Capital Projects Fund has a total fund balance of \$50.0 million, of which \$15.0 million was reserved for deposits and land held for resale. The remaining \$35.0 million is unreserved. The net change in fund balance during the current year was an increase of \$1.4 million. This was due to investment earnings in 2008 on unspent bond proceeds.

The **2007 TAB C** Capital Projects Fund has a total fund balance of \$30.0 million, of which \$0.3 million was reserved for land held for resale. The remaining \$29.7 million is unreserved. The net change in fund balance during the current year was an increase of \$0.3 million. This was due to investment earnings of \$1.1 million on unspent bond proceeds and \$0.9 million of expenditures related to street improvements, pavement rehabilitation and the East Cathedral Canyon Channel improvements.

General Fund Budget

The City's biennial budget is adopted by City Council resolution. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the two-year budget period. Adjustments in the amount appropriated at the department/fund level are made throughout the fiscal year upon a motion to amend the resolution and affirmative votes of a simple majority of the five City Council members. All appropriations lapse at year end.

The City's Amended Budget differs from the Adopted Budget in that it contains supplemental revenues and appropriations received and approved by City Council during the fiscal year. The General Fund Amended Budget revenues increased approximately 2% from the Adopted Budget. Additional revenues were the result

of providing police dispatching services to Desert Hot Springs and reclassifying assessment district administrative reimbursements from operating transfers to revenues. In fiscal year 2008, approximately 2% in additional appropriations were approved in the General Fund. The additional appropriations were primarily established for salaries, benefits and capital equipment related to providing police dispatching services to Desert Hot Springs; signing a two-year agreement for providing city-wide Federal legislative representative services; additional small tools and equipment for the Fire Department; licensing of aerial imagery software to assist public safety and other City departments; and updating the Housing Element of the General Plan.

Actual revenues were less than the final budgeted revenues by \$3.4 million, or 12.2%. The categories with the most significant dollar variances were taxes (\$1.3 million less), licenses and permits (\$1.3 million less), and charges for services (\$1.3 million less). The other categories combined for a net amount of \$0.5 million in excess of budget. The significant dollar variances consisted of the following:

- Taxes were \$1.3 million less than the amount budgeted. Significant aspects of this variance are as follows:
 - ◊ Actual sales tax revenues were \$2.9 million less than the amount budgeted.
 - ◊ Actual franchise fees of \$2.0 million were budgeted as "charges for services" but reported as "taxes."
 - ◊ Actual property tax revenues were \$0.3 million less than the amount budgeted.
- Licenses and permits were \$1.3 million less than the amount budgeted. Significant aspects of this variance are as follows:
 - ◊ Actual construction permit revenues were \$0.5 million less than the amount budgeted.
 - ◊ Actual plan check fees, planning fees and engineering fees of \$0.5 million were budgeted as "licenses and permits" but reported as "charges for services." In addition, the actual revenue amounts for these categories were \$0.2 million less than the amounts budgeted.
- Charges for services were \$1.3 million less than the amount budgeted. Significant aspects of this variance are as follows:
 - ◊ Franchise fees of \$1.9 million were budgeted as "charges for services." Actual amounts were reported as "taxes."
 - ◊ Plan check fees, planning fees and engineering fees of \$0.7 million were budgeted as "licenses and permits" but reported as "charges for services."

Actual expenditures were less than the final budgeted expenditures by \$240 thousand. Percentage variances between actual and budgeted expenditures by function were generally in the 2% to 5% range. The largest dollar variance was \$562 thousand (or 2.8%) over budget in public safety. This overage was mostly related to the Fire Department (\$555 thousand) and its overtime costs (\$493 thousand).

These deviations did not affect the City's liquidity or ability to provide future government services.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2008, amount to \$176,584,940 (net of accumulated depreciation). Capital assets include land, buildings, equipment, vehicles, furniture and fixtures, and infrastructure (bridges, streets, traffic signals, streetlights, etc.). The net increase in the City's capital assets for the current fiscal year was approximately 15.1% (a 15.1% increase for governmental activities and a 35.5% decrease for business-type activities) as shown in the following table.

Change in Capital Assets, Net of Depreciation
June 30, 2008
(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		
	2008	2007	2008	2007	2008	2007	Change
Land	\$ 22,388	21,604	-	-	22,388	21,604	784
Buildings	23,513	24,600	-	-	23,513	24,600	(1,087)
Equipment	1,234	1,364	40	62	1,274	1,426	(152)
Vehicles	3,877	3,949	-	-	3,877	3,949	(72)
Furniture and fixtures	14	18	-	-	14	18	(4)
Infrastructure	82,951	58,805	-	-	82,951	58,805	24,146
Construction in progress	42,568	43,032	-	-	42,568	43,032	(464)
Total	<u>\$ 176,545</u>	<u>153,372</u>	<u>40</u>	<u>62</u>	<u>176,585</u>	<u>153,434</u>	<u>23,151</u>

The major additions to capital assets during the year ended June 30, 2008 were as follows:

- Infrastructure costs related to future hotel/golf course (\$13.1 million)
- 30th Avenue Soccer Park (\$5.2 million)
- Widening of Date Palm over the Union Pacific Railroad tracks (\$2.9 million)
- Parking garage solar panels (\$2.3 million)
- Edom Hill/Varner Road (\$1.9 million)

Major ongoing construction projects added the following costs to construction in progress during the year ended June 30, 2008:

- Sanitary sewers in the Cove assessment district (\$8.3 million)
- Sanitary sewers in the Dream Homes area (\$3.0 million)

Major capital improvement projects authorized as of year end included the following:

- Cathedral Canyon bridge at Whitewater River (\$27.9 million through 2012) – Construct a new four-lane bridge on Cathedral Canyon Drive at the Whitewater River Channel to eliminate a low-flow crossing.

- Reconstruction of the Date Palm Drive/I-10 Interchange (\$24.4 million through 2013) - Reconstruct the existing Date Palm Drive/I-10 Interchange to accommodate traffic volumes through the year 2020.
- Continuation of improvements in the Cove assessment district, including the drainage project (\$24.2 million through 2011) – Preliminary engineering studies and other expenses and/or actions related to the formation of an assessment district necessary to meet State-mandated sanitary sewer hookup by 2012, street and other improvements in the Cove area, possibly the Downtown Core area, and all other areas between East and West Cathedral channels, upstream of the North Cathedral channel. Phase 1 included sewers, streets, storm drains and water. Phase II will be advertised to coincide with the completion of Phase I and award of EPA and Proposition 50 grants. The drainage project includes construction storm drains in the upper and lower portions of the Cathedral City Cove necessary to protect the Downtown Core from a 100-year flood hazard. The project has 12 systems and will be phased: Phase 1 (Systems 3 & 8) are funded and under construction as part of the Cove Improvement District Phase 1 project. Phase 2 will include Systems 1, 2, 4, 5, 6, 7, 10, 11 and 12 and all other systems as needed.
- DaVall Road extension to Varner Road (\$16.0 million through 2013) – Construct the DaVall Road extension to Varner Road, including Longs Creek Bridge.
- DaVall Road/I-10 Interchange and related area (\$12.5 million through 2013) – Construct new arterial improvements including the widening of DaVall Road from two to six lanes between Dinah Shore and Ramon Road, widening from two to six lanes from Ramon Road to McCallum Way, widening from two to six lanes from McCallum Way to 30th Avenue, construct a new six-lane road from 30th Avenue to I-10, and construct a new six-lane road from I-10 to Varner Road.
- Ramon Road bridge and roadway widening (\$10.5 million through 2013) – Construction to eliminate lane restriction, as well as a land deficiency, and to improve the structure efficiency rating.

In February 2008, a fire damaged the Cathedral City Library, a branch of the Riverside County Library System. The library has been closed since the fire occurred and it is not expected to reopen until January 2009. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the City has recognized in the accompanying financial statements the impact of the impairment related to the fire. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. The carrying value of the building at June 30, 2008, was written down to \$3,873,817 for the effect of the impairment loss of \$390,104.

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

Debt Administration

The City's debt obligations are in the form of lease revenue bonds, tax allocation bonds, limited obligation bonds, capital lease obligations, long-term loans and notes payable, compensated absences, claims and judgments, and deferred amounts for bond premiums and discounts. As of June 30, 2008, the City had \$252,335,764 of outstanding long-term debt related to governmental activities. During the year, \$5,129,587

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2008

of long-term debt was retired, while compensated absences and claims and judgments decreased by a net of \$678,434, resulting in an overall net decrease of 2%. The City did not issue any new debt for the fiscal year ended June 30, 2008.

The following table summarizes the City's outstanding debt at June 30, 2008:

Change in Long-Term Liabilities
June 30, 2008
(Dollars in thousands)

	Governmental Activities		Change
	2008	2007	
Lease revenue bonds	\$ 5,655	6,030	(375)
Tax allocation bonds	222,751	225,146	(2,395)
Limited obligation bonds	9,070	11,220	(2,150)
Capital lease obligations	1,305	1,500	(195)
Long-term loans and notes payable	9,234	8,456	778
Compensated absences	2,913	2,610	303
Claims and judgments	1,227	2,209	(982)
Deferred amounts	181	(490)	671
Total	<u>\$ 252,336</u>	<u>256,681</u>	<u>(4,345)</u>

Additional information on the City's long-term debt can be found in Note 7 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Below is the contact information if you have questions about this report or need additional financial information.

City of Cathedral City
Finance Department
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234

Fountain of Life (Cathedral City Civic Center)



Basic Financial Statements



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City of Cathedral City
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 99,827,324	91,723	\$ 99,919,047
Interest receivable	807,901	-	807,901
Accounts receivable	3,706,603	10,343	3,716,946
Loans receivable	11,631,264	-	11,631,264
Prepaid expenses	1,186,681	7,537	1,194,218
Inventories	26,565	-	26,565
Other assets	5,912,015	-	5,912,015
Deposits	2,308,000	-	2,308,000
Investments held in trust	9,068,205	-	9,068,205
Land held for resale	38,260,144	-	38,260,144
Restricted assets:			
Cash and investments with fiscal agent	93,417,071	-	93,417,071
Capital assets:			
Not being depreciated	64,957,036	-	64,957,036
Being depreciated, net	111,588,072	39,832	111,627,904
Total assets	442,696,881	149,435	442,846,316
Liabilities			
Accounts payable	4,058,928	84,732	4,143,660
Accrued liabilities	454,465	3,037	457,502
Intergovernmental payable	14,368	-	14,368
Insurance payable	250,000	-	250,000
Deposits	790,817	3,354	794,171
Unearned revenue	379,033	-	379,033
Interest payable	4,853,008	-	4,853,008
Noncurrent liabilities:			
Due within one year	8,679,485	-	8,679,485
Due in more than one year	243,656,279	-	243,656,279
Total liabilities	263,136,383	91,123	263,227,506
Net Assets			
Invested in capital assets, net of related debt	69,918,075	39,832	69,957,907
Restricted for:			
Investments held in trust for debt service	9,068,205	-	9,068,205
Capital projects	99,527,637	-	99,527,637
Debt service	26,023,875	-	26,023,875
Community development	16,629,132	-	16,629,132
Other purposes	2,086,628	-	2,086,628
Unrestricted	(43,693,054)	18,480	(43,674,574)
Total net assets	\$ 179,560,498	58,312	179,618,810

The notes to the financial statements are an integral part of this statement.

City of Cathedral City
Statement of Activities
Year ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental activities:				
General government	\$ 7,039,716	2,492,116	266,449	-
Community development	14,854,683	559,333	479,991	3,179,873
Culture and recreation	362,094	-	-	-
Public safety	21,556,227	2,590,839	646,023	-
Public works	4,873,902	361,287	2,488,647	-
Interest on long-term debt	13,855,569	-	-	-
Total governmental activities	62,542,191	6,003,575	3,881,110	3,179,873
Business-type activities:				
Education	1,078,010	743,135	300,000	-
Total business-type activities	1,078,010	743,135	300,000	-
Total primary government	\$ 63,620,201	6,746,710	4,181,110	3,179,873
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other taxes				
Franchise fees				
Interest and investment earnings				
Miscellaneous				
Extraordinary item - impairment gain on fire damage net of insurance recovery				
Total general revenues and extraordinary item				
Change in net assets				
Net assets at beginning of year, as restated				
Net assets at end of year				

The notes to financial statements are an integral part of this statement.



Net (Expense) Revenue and
Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
(4,281,151)	-	(4,281,151)
(10,635,486)	-	(10,635,486)
(362,094)	-	(362,094)
(18,319,365)	-	(18,319,365)
(2,023,968)	-	(2,023,968)
(13,855,569)	-	(13,855,569)
(49,477,633)	-	(49,477,633)
-	(34,875)	(34,875)
-	(34,875)	(34,875)
(49,477,633)	(34,875)	(49,512,508)
34,633,789	-	34,633,789
8,345,222	-	8,345,222
2,110,413	-	2,110,413
1,974,823	-	1,974,823
9,719,695	-	9,719,695
2,067,508	3,525	2,071,033
263,636	-	263,636
59,115,086	3,525	59,118,611
9,637,453	(31,350)	9,606,103
169,923,045	89,662	170,012,707
\$ 179,560,498	58,312	179,618,810

Functions/Programs

Governmental activities:

General government
Community development
Culture and recreation
Public safety
Public works
Interest on long-term debt
Total governmental activities

Business-type activities:

Education
Total business-type activities
Total primary government

General revenues:

Taxes:

Property taxes
Sales taxes
Other taxes
Franchise fees
Interest and investment earnings
Miscellaneous

Extraordinary item - impairment gain on
fire damage net of insurance
recovery

Total general revenues and
extraordinary item

Change in net assets

Net assets at beginning of year, as restated

Net assets at end of year

**City of Cathedral City
Balance Sheet
Governmental Funds
June 30, 2008**

		Special Revenue	Debt
	General	Solid Waste	Redevelopment Agency Area 3
Assets			
Cash and investments	\$ 13,702,343	751,243	13,680,024
Interest receivable	140,183	6,115	111,347
Accounts receivable	1,421,143	46,534	439,481
Loans receivable	3,870,952	-	-
Due from other funds	2,657,213	-	-
Prepaid assets	50,557	682	-
Deposits	-	-	-
Investments held in trust	-	-	-
Land held for resale	-	46,770	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 21,842,391</u>	<u>851,344</u>	<u>14,230,852</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,567,936	1,422,144	-
Accrued liabilities	-	-	-
Intergovernmental payable	-	-	-
Deposits from others	4,000	-	-
Due to other funds	-	-	-
Deferred revenue	22,708	20,725	-
Total liabilities	<u>1,594,644</u>	<u>1,442,869</u>	<u>-</u>
Fund balances:			
Reserved for:			
Debt service	-	-	14,230,852
Deposits	-	-	-
Land held for resale	-	46,770	-
Loans receivable	3,870,952	-	-
Microfilm fees	327,766	-	-
Prepaid assets	50,557	682	-
Investments held in trust for debt service	-	-	-
Unreserved - undesignated, reported in:			
General fund	15,998,472	-	-
Special revenue funds	-	(638,977)	-
Capital projects funds	-	-	-
Total fund balances (deficits)	<u>20,247,747</u>	<u>(591,525)</u>	<u>14,230,852</u>
Total liabilities and fund balances	<u>\$ 21,842,391</u>	<u>851,344</u>	<u>14,230,852</u>

(continued)



Service	Capital Projects	
Public Financing Authority	Areawide Capital Projects	2007 TAB B
-	1,883	126,803
-	-	1,032
-	111,701	-
-	-	-
-	-	-
-	-	-
-	-	2,308,000
9,068,205	-	-
-	-	12,686,500
3,073,300	-	34,887,679
12,141,505	113,584	50,010,014
-	80,012	-
-	48,653	-
-	-	-
-	-	-
-	1,944,893	-
-	131,618	-
-	2,205,176	-
3,073,300	-	-
-	-	2,308,000
-	-	12,686,500
-	-	-
-	-	-
-	-	-
9,068,205	-	-
-	-	-
-	-	-
-	(2,091,592)	35,015,514
12,141,505	(2,091,592)	50,010,014
12,141,505	113,584	50,010,014

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Due from other funds
Prepaid assets
Deposits
Investments held in trust
Land held for resale
Restricted assets:
Cash and investments with fiscal agent
Total assets

Liabilities and Fund Balances

Liabilities:
Accounts payable
Accrued liabilities
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue
Total liabilities
Fund balances:
Reserved for:
Debt service
Deposits
Land held for resale
Loans receivable
Microfilm fees
Prepaid assets
Investments held in trust for debt service
Unreserved - undesignated, reported in:
General fund
Special revenue funds
Capital projects funds
Total fund balances (deficits)
Total liabilities and fund balances

City of Cathedral City
Balance Sheet
Governmental Funds
June 30, 2008 (continued)

	<u>Capital Projects</u>		
	<u>2007 TAB C</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets			
Cash and investments	\$ 3,311,008	60,568,419	92,141,723
Interest receivable	26,949	459,719	745,345
Accounts receivable	-	1,678,680	3,697,539
Loans receivable	-	7,760,312	11,631,264
Due from other funds	-	-	2,657,213
Prepaid assets	-	420	51,659
Deposits	-	-	2,308,000
Investments held in trust	-	-	9,068,205
Land held for resale	282,196	25,244,678	38,260,144
Restricted assets:			
Cash and investments with fiscal agent	26,513,781	28,942,311	93,417,071
Total assets	<u><u>\$ 30,133,934</u></u>	<u><u>124,654,539</u></u>	<u><u>253,978,163</u></u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 140,075	628,769	3,838,936
Accrued liabilities	-	405,812	454,465
Intergovernmental payable	-	14,368	14,368
Deposits from others	-	786,817	790,817
Due to other funds	-	712,320	2,657,213
Deferred revenue	-	1,261,310	1,436,361
Total liabilities	<u>140,075</u>	<u>3,809,396</u>	<u>9,192,160</u>
Fund balances:			
Reserved for:			
Debt service	-	8,892,509	26,196,661
Deposits	-	-	2,308,000
Land held for resale	282,196	25,244,678	38,260,144
Loans receivable	-	7,243,188	11,114,140
Microfilm fees	-	-	327,766
Prepaid assets	-	420	51,659
Investments held in trust for debt service	-	-	9,068,205
Unreserved - undesignated, reported in:			
General fund	-	-	15,998,472
Special revenue funds	-	15,728,096	15,089,119
Capital projects funds	29,711,663	63,736,252	126,371,837
Total fund balances (deficits)	<u>29,993,859</u>	<u>120,845,143</u>	<u>244,786,003</u>
Total liabilities and fund balances	<u><u>\$ 30,133,934</u></u>	<u><u>124,654,539</u></u>	<u><u>253,978,163</u></u>

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balances - governmental funds \$ 244,786,003

Amounts reported for governmental activities in the Statement of Net Assets are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets of the internal service funds of \$3,877,136 are included in the internal service funds adjustment below. 172,667,972

Capital assets, at historical cost	\$ 216,841,517	
Accumulated depreciation	(44,173,545)	
	\$ 172,667,972	

- Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities of the internal service funds of \$1,226,729 are included in the internal service fund adjustment adjustment below. (251,109,035)

Bonds, loans and capital leases payable	\$248,015,384	
Premium/discount on bonds	180,761	
Compensated absences	2,912,890	
	\$251,109,035	

- Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (4,853,008)

- Other long-term assets that are not considered available to pay for current expenditures are not reported in the governmental funds. 5,912,015

- Deferred revenue recognized under the accrual method of accounting. 1,057,328

- Internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets. 11,099,223

Net assets of governmental activities \$ 179,560,498

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2008

		Special Revenue	Debt
	General	Solid Waste	Redevelopment Agency Area 3
Revenues			
Taxes	\$ 18,195,281	-	16,909,574
Intergovernmental	348,911	13,576	-
Licenses and permits	957,174	-	-
Fines and forfeitures	12,799	-	-
Charges for services	3,067,514	423,217	-
Special assessments	-	-	-
Development fees	-	-	-
Revenues from use of money and property	1,291,597	11,418	410,880
Miscellaneous	843,657	-	-
Total revenues	24,716,933	448,211	17,320,454
Expenditures			
Current:			
General government	5,523,831	599,424	294,981
Community development	3,598,834	-	1,527
Culture and recreation	147,110	-	-
Public safety	20,364,388	-	-
Public works	1,149,023	-	-
Payments under pass-through agreements	-	-	5,123,119
Capital outlay	1,144,309	1,708	-
Loss on sale of land held for resale	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	31,927,495	601,132	5,419,627
Excess (deficiency) of revenues over (under) expenditures	(7,210,562)	(152,921)	11,900,827
Other financing sources (uses)			
Transfers in	3,938,706	-	-
Transfers out	(2,960,538)	(138,737)	(8,095,980)
Total other financing sources (uses)	978,168	(138,737)	(8,095,980)
Net change in fund balances	(6,232,394)	(291,658)	3,804,847
Fund balances (deficits), beginning (restated)	26,480,141	(299,867)	10,426,005
Fund balances (deficits), ending	\$ 20,247,747	(591,525)	14,230,852

(continued)

Service	Capital Projects	
Public Financing Authority	Areawide Capital Projects	2007 TAB B
-	-	-
-	3,179,873	-
-	-	-
-	-	-
-	-	-
-	-	-
-	59,198	-
795,463	-	1,438,627
-	47,775	-
795,463	3,286,846	1,438,627
-	126,965	-
-	87,869	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,646,239	50,975
-	-	-
2,770,000	119,582	-
10,419,274	58,418	-
13,189,274	3,039,073	50,975
(12,393,811)	247,773	1,387,652
13,642,212	257,227	6,325
(2,743,164)	-	-
10,899,048	257,227	6,325
(1,494,763)	505,000	1,393,977
13,636,268	(2,596,592)	48,616,037
12,141,505	(2,091,592)	50,010,014

Revenues

Taxes
Intergovernmental
Licenses and permits
Fines and forfeitures
Charges for services
Special assessments
Development fees
Revenues from use of money and property
Miscellaneous

Total revenues

Expenditures

Current:

General government
Community development
Culture and recreation
Public safety
Public works

Payments under pass-through agreements

Capital outlay

Loss on sale of land held for resale

Debt service:

Principal
Interest

Total expenditures

Excess (deficiency) of revenues over
(under) expenditures

Other financing sources (uses)

Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

Fund balances (deficits), beginning (restated)

Fund balances (deficits), ending

City of Cathedral City
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2008 (continued)

	<u>Capital Projects</u>		
	<u>2007 TAB C</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ -	11,959,392	47,064,247
Intergovernmental	-	3,340,513	6,882,873
Licenses and permits	-	-	957,174
Fines and forfeitures	-	358,091	370,890
Charges for services	-	417,404	3,908,135
Special assessments	-	350,674	350,674
Development fees	-	-	59,198
Revenues from use of money and property	1,166,601	4,120,969	9,235,555
Miscellaneous	300	757,081	1,648,813
Total revenues	<u>1,166,901</u>	<u>21,304,124</u>	<u>70,477,559</u>
Expenditures			
Current:			
General government	-	126,721	6,671,922
Community development	446,947	12,068,320	16,203,497
Culture and recreation	-	-	147,110
Public safety	-	924,820	21,289,208
Public works	-	1,560,034	2,709,057
Payments under pass-through agreements	-	379,185	5,502,304
Capital outlay	414,332	15,851,139	20,108,702
Loss on sale of land held for resale	-	3,170	3,170
Debt service:			
Principal	-	2,150,000	5,039,582
Interest	-	396,205	10,873,897
Total expenditures	<u>861,279</u>	<u>33,459,594</u>	<u>88,548,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>305,622</u>	<u>(12,155,470)</u>	<u>(18,070,890)</u>
Other financing sources (uses)			
Transfers in	6,367	8,698,880	26,549,717
Transfers out	-	(14,450,552)	(28,388,971)
Total other financing sources (uses)	<u>6,367</u>	<u>(5,751,672)</u>	<u>(1,839,254)</u>
Net change in fund balances	311,989	(17,907,142)	(19,910,144)
Fund balances (deficits), beginning (restated)	<u>29,681,870</u>	<u>138,752,285</u>	<u>264,696,147</u>
Fund balances (deficits), ending	<u>\$ 29,993,859</u>	<u>120,845,143</u>	<u>244,786,003</u>

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2008

Net change in fund balances - total governmental funds \$ (19,910,144)

Amounts reported for governmental activities in the Statement of Activities are different because:

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation. The internal service fund had activity of \$71,476, which is included in the internal service fund adjustment below. 23,244,113

Capital outlay	\$ 26,250,697	
Depreciation expense	(3,006,584)	
	\$ 23,244,113	

- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 5,046,708

- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,057,328

- Under the modified accrual basis of accounting, expenditures are not recognized for transactions that normally are not paid with expendable available financial resources. Compensated absences and claims and judgments are common examples. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The internal service fund had activity of \$981,621 related to the change in claims and judgments, which is included in the internal service fund adjustment below. (1,610,021)

Change in compensated absences accrual	\$ (303,187)	
Change in interest on long-term debt accrual	(2,308,077)	
Change in bond issuance costs amortized over the remaining life of the debt	1,674,758	
Change in bond premium/discount amortized over the remaining life of the debt	(670,515)	
Adjustment for rounding to thousands place in prior year	(3,000)	
	\$ (1,610,021)	

- Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. Internal service funds are reported with governmental activities. 1,809,469

Change in net assets of governmental activities \$ 9,637,453

The notes to financial statements are an integral part of this statement.

**City of Cathedral City
Statement of Net Assets
Proprietary Funds
June 30, 2008**

	Business-type Activities - Nonmajor <u>Enterprise Fund</u>	Governmental Activities - Internal Service Funds
	<u>Cathedral City Downtown Foundation</u>	
Assets		
Current assets:		
Cash and investments	\$ 91,723	7,685,601
Interest receivable	-	62,556
Accounts receivable	10,343	9,064
Prepaid assets	7,537	1,135,022
Inventories	-	26,565
Total current assets	<u>109,603</u>	<u>8,918,808</u>
Capital assets:		
Vehicles	-	7,805,205
Equipment	132,947	-
Accumulated depreciation	<u>(93,115)</u>	<u>(3,928,069)</u>
Total capital assets (net of accumulated depreciation)	<u>39,832</u>	<u>3,877,136</u>
Total assets	<u>\$ 149,435</u>	<u>12,795,944</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 84,732	219,992
Accrued liabilities	3,037	-
Deposits	3,354	-
Claims payable	-	500,000
Insurance payable	-	250,000
Total current liabilities	<u>91,123</u>	<u>969,992</u>
Noncurrent liabilities:		
Claims payable	-	726,729
Total noncurrent liabilities	<u>-</u>	<u>726,729</u>
Total liabilities	<u>91,123</u>	<u>1,696,721</u>
Net assets:		
Invested in capital assets, net of related debt	39,832	3,877,136
Unrestricted	<u>18,480</u>	<u>7,222,087</u>
Total net assets	<u>58,312</u>	<u>11,099,223</u>
Total liabilities and net assets	<u>\$ 149,435</u>	<u>12,795,944</u>

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2008

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Funds
	Cathedral City Downtown Foundation	
Operating revenues		
Charges for services	\$ 743,135	4,868,590
Intergovernmental	300,000	-
Miscellaneous	3,525	6,021
Total operating revenues	<u>1,046,660</u>	<u>4,874,611</u>
Operating expenses		
Insurance claims and expenses	-	4,851,345
Minor equipment	-	226,441
Costs of sales and services	403,841	-
Administration	652,155	-
Depreciation	22,014	810,238
Other expenses	-	54,323
Total expenses	<u>1,078,010</u>	<u>5,942,347</u>
Operating loss	<u>(31,350)</u>	<u>(1,067,736)</u>
Nonoperating revenues (expenses)		
Interest and investment income	-	362,058
Interest expense	-	(3,080)
Insurance recovery	-	653,740
Gain on sale of capital assets	-	25,233
Total nonoperating revenues (expenses)	<u>-</u>	<u>1,037,951</u>
Loss before transfers	<u>(31,350)</u>	<u>(29,785)</u>
Transfers		
Transfers in	-	1,839,254
Change in net assets	(31,350)	1,809,469
Net assets, beginning	<u>89,662</u>	<u>9,289,754</u>
Net assets, ending	<u>\$ 58,312</u>	<u>11,099,223</u>

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2008

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Funds
	Cathedral City Downtown Foundation	
Cash flows from operating activities		
Receipts from customers and user departments	\$ 727,397	5,181,289
Payments to suppliers for goods and services	(812,028)	(7,098,880)
Payments to employees	(199,698)	-
Other receipts (payments)	308,920	(310,834)
Net cash provided by (used in) operating activities	24,591	(2,228,425)
Cash flows from noncapital financing activities		
Transfers from other funds	-	1,839,254
Net cash provided by noncapital financing activities	-	1,839,254
Cash flows from capital and related financing activities		
Purchase of capital assets	-	(764,809)
Principal paid on capital debt	-	(75,229)
Interest paid on capital debt	-	(3,080)
Insurance recovery proceeds	-	653,740
Proceeds from sale of capital assets	-	39,300
Net cash used in capital and related financing activities	-	(150,078)
Cash flows from investing activities		
Interest received on investments	-	370,528
Net cash provided by investing activities	-	370,528
Net increase (decrease) in cash and cash equivalents	24,591	(168,721)
Cash and cash equivalents at beginning of year	67,132	7,854,322
Cash and cash equivalents at end of year	\$ 91,723	7,685,601
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (31,350)	(1,067,736)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	22,014	810,238
(Increase) decrease in accounts receivable	(10,342)	(9,064)
(Increase) decrease in prepaid assets	(3,412)	(1,135,022)
(Increase) decrease in inventories	-	267
Increase (decrease) in claims payable	-	(981,621)
Increase (decrease) in accounts payable	45,110	142,532
Increase (decrease) in accrued liabilities	3,037	-
Increase (decrease) in deposits	(466)	-
(Increase) decrease in amounts payable related to equipment purchases	-	11,981
Total adjustments	55,941	(1,160,689)
Net cash provided by (used in) operating activities	\$ 24,591	(2,228,425)

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds
Assets	
Cash and investments	\$ 9,081,931
Interest receivable	107,308
Special assessments receivable	50,767,535
Restricted assets:	
Cash and investments with fiscal agent	<u>6,802,084</u>
Total assets	<u><u>\$ 66,758,858</u></u>
Liabilities	
Accounts payable	\$ 33,543
Due to bondholders	<u>66,725,315</u>
Total liabilities	<u><u>\$ 66,758,858</u></u>

The notes to financial statements are an integral part of this statement.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting entity

The City of Cathedral City (the “City”) was incorporated under the general laws of the State of California and enjoys all the rights and privileges pertaining to such “general law” cities. The City operates under a Council-Manager form of government and the City Council is composed of five members. Among the services provided by the City are the following: police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, community development, and general administrative support.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

Blended component units

The Cathedral City Redevelopment Agency, Cathedral City Public Financing Authority and Cathedral City Downtown Foundation component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and data from these units are reported with the data of the City.

Cathedral City Redevelopment Agency – The Cathedral City Redevelopment Agency (the “Agency”) was established pursuant to the State of California Health and Safety Code, Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Cathedral City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency can be obtained at City Hall.

Cathedral City Public Financing Authority – The Cathedral City Public Financing Authority (the “Authority”) was established on December 1, 1993, for the purpose of financing public capital improvements. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. The City of Cathedral City does not produce separate financial statements for the Authority.

Cathedral City Downtown Foundation – The Cathedral City Downtown Foundation (the “Foundation”) was incorporated on December 21, 2000, as a nonprofit public benefit corporation under IRS Section 501(c)(3). The purpose of the Foundation is to operate educational facilities and/or attractions in the City of Cathedral City Downtown Area, to instruct the public on subjects useful to the individual and beneficial to the community, and to encourage and raise monetary and/or in lieu contributions via gifts, endowments and bequests for the purpose of enhancing and/or improving those services, facilities, and equipment currently provided at the IMAX Theatre located in the City of Cathedral City. Even though it is legally separate, it is reported as if it were part of the City because it is a blended component unit of the Agency, and the RDA Directors (City Council) also serve as the governing board of the Foundation. It is shown as a proprietary

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

enterprise fund in the financial statements. The City of Cathedral City does not produce separate financial statements for the Foundation.

Government-wide and fund financial statements

The City's Comprehensive Annual Financial Report (CAFR) is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The basic financial statements include the government-wide financial statements, the fund financial statements and the notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

Property and sales taxes, charges for services, intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the business-type activities of the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. The General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

Solid Waste (Special Revenue) – This fund accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.

Redevelopment Agency Area 3 Fund (Debt Service) – This fund accounts for debt service expenditures on long-term indebtedness of the Agency for capital projects constructed in Project Area No. 3.

Public Financing Authority Fund (Debt Service) – This fund accounts for the proceeds of specific revenues, including bonds, and debt service expenditures related to the long-term indebtedness of the Authority.

Areawide Capital Projects Fund – This fund accounts for citywide capital projects not otherwise budgeted for in another fund.

2007 TAB B Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series B.

2007 TAB C Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series C.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt service funds are used to account for tax increment revenues, bond proceeds required to be set aside for future debt service, and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City, the Agency, and the Authority.

Capital projects funds are used to account for financial resources to be used for development and redevelopment projects within the city. Such projects include street improvements, parks, and Agency activity.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Internal service funds, which are proprietary funds, are used to finance and account for the purchase of major equipment items and motor vehicles and the related maintenance, and to account for the cost of insurance. Such costs are accumulated in these funds and charged to the user departments on an estimated cost reimbursement basis.

Agency funds, which are fiduciary funds, are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to members, customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds (enterprise and internal service funds) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then use unrestricted resources as needed.

Financial statement elements

Cash and investments – City investments are recorded at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market rates. The City pools cash resources from all funds, except those held by fiscal agents, in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's cash and investment balance at the end of a quarter. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year. Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity or sale of investments.

The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF) was established under California State Statute. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF is not registered with the Securities and Exchange Commission and falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

For purposes of the statement of cash flows, *cash and cash equivalents* are defined as short-term (maturing within three months), highly-liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net assets for the proprietary funds is considered *cash and cash equivalents* for purposes of the statement of cash flows.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB No. 3), certain disclosure requirements, if applicable, for deposit and investment risks are specified in the following areas:

- ◇ Credit risk:
 - Overall credit risk
 - Custodial credit risk
 - Concentration of credit risk
- ◇ Interest rate risk
- ◇ Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly-sensitive investments, credit quality at year-end and other disclosures.

Receivables and payables – Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets.

Loans receivable include amounts loaned to support low and moderate income housing units. Loans receivable also include amounts loaned to developers for various projects throughout the city.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, if reported in the fund financial statements, are offset by a reservation of fund balance for non-current assets in governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventory – Inventories recorded in the proprietary funds consist of fuel for City vehicles. The City values proprietary funds inventory at average cost and expenses fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net assets.

Prepaid assets – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Land held for resale – The RDA has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. These parcels have been recorded as *land held for resale* in the financial records. The properties held for resale are recorded at the lower of cost or net realizable value, determined upon the execution of a disposition and development agreement. Land held for resale that is disposed of through a sales agreement at an agreed upon price is accounted for by recording the resulting gain or loss on the sale. Land held for resale that is given to a developer under a disposition agreement is accounted for by recording an expenditure for developer assistance. At June 30, 2008, land held for resale with a cost of \$38,260,144 was recorded, with a corresponding reservation of fund balance in the governmental funds financial statements.

Restricted assets – Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets and balance sheet because their use is limited by applicable bond covenants.

Investments held in trust – Investments held in trust represent the investments held by the PFA for repayment of various special assessment district debt.

Capital assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Capital assets of the Foundation, a blended component unit of the City, are defined as assets with an initial cost of more than \$2,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	45 years
Improvements other than buildings	45 years
Machinery and equipment	5 - 10 years
Infrastructure	8 - 60 years

Capital assets (machinery and equipment) of the Foundation are depreciated using the straight-line method over an estimated useful life of 5 years.

Deferred revenue – Deferred revenue in governmental funds arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has legal claim to them, (i.e., when grant monies are received prior to incurring qualifying expenditures).

Long-term obligations – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are reported in the government-wide financial statements as *other assets* while bond premiums and discounts are reported as *noncurrent liabilities*.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Compensated absences – Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Annual vacation hours earned by each employee ranges from 96 to 324 hours. Employees can carry forward unused vacation hours up to twice the annual earned amount for use in a subsequent year. There is no limit for non-represented employees.

Regular status City employees earn sick leave based upon their respective MOU. Sick leave is earned at a rate of either 3.69 or 5.54 hours per pay period. Hours that can be carried forward for use in a subsequent year range from 580 to 1,440.

Upon termination or retirement, regular status employees are entitled to receive compensation at their current base salary for all unused vacation leave. Effective July 1, 1987, employees with continuous employment may receive compensation for unused sick leave when they resign or retire. Continuous employment is defined as either three to seven years or five to nine years, depending upon an employee's respective MOU.

Employees with continuous employment of greater than three or five years may receive compensation for 25% of sick leave when they resign or retire, depending upon their respective MOU. Employees with continuous employment of greater than seven or nine years may receive compensation for 50% of sick leave when they resign or retire, depending upon their respective MOU. The City has utilized the vesting method to record the estimated portion of sick leave balances that are likely to be paid immediately following the employee's resignation or retirement.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee. The General Fund is generally used to liquidate the liability for compensated absences.

If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental funds employees that have terminated prior to year end. All other amounts are

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

recorded in long-term debt. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

Property taxes – Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes that are received within 60 days after year end.

Lien Date:	January 1
Levy Date:	July 1
Due Date:	November 1 – 1 st Installment February 1 – 2 nd Installment
Delinquent Date:	December 10 – 1 st Installment April 10 – 2 nd Installment

Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

December	30% Advance
January	Collection No. 1
April	10% Advance
May	Collection No. 2
July	Collection No. 3

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the levy and Riverside County has responsibility for the collection of any delinquent taxes.

Enrollment in group insurance plans – post-retirement – Employees retiring from the City may elect within two months after retirement to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under the California Public Employees' Retirement System (CalPERS); (2) have at least five years service with the City; and (3) have reached at least age 55, or age 50 for public safety. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated MOU at the time of retirement.

As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health programs as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

City employees retiring under the CalPERS Retirement Program with five years of continuous employment with the City can, at their own expense, pay for the group life insurance.

Claims and judgments – The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined. The liability for general liability and workers compensation claims is recorded in the Insurance Fund (an internal service fund).

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a

specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

GASB pronouncements issued, but not yet adopted

Governmental Accounting Standards Board Statement No. 45 – In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement generally requires that state and local governmental employers account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

The City is considered to be a "Phase 2" implementer and as such will be required to implement this Statement for the fiscal year ending June 30, 2009.

Governmental Accounting Standards Board Statement No. 49 – On December 1, 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. According to the standard, a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted and if various recognition triggers occur.

Liabilities and expenses would be estimated using an "expected cash flows" measurement technique, which is used by environmental professionals. Statement 49 also will require governments to disclose information about their pollution obligations associated with cleanup efforts in the notes to the financial statements. Statement 49 will be effective for financial statements for periods beginning after December 15, 2007, but liabilities should be measured at the beginning of that period so that beginning net assets can be restated. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 51 – In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement provides needed guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is non-financial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. Statement 51 requires intangible assets to be classified as capital assets (except for those explicitly excluded from the scope of the new standard). This standard should lead to greater consistency among governments. The requirements of Statement 51 are effective for financial statements for periods beginning after June 15, 2009. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Governmental Accounting Standards Board Statement No. 52 – In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement provides quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. Entities that perform investment functions similar to endowments – including pension plans, OPEB plans, external investment pools, and Internal Revenue Code Section 457 deferred compensation plans – have been required to report their land and real estate investments at fair value, whereas state and local government endowments have not been required to report prior to the issuance of Statement 52. Reporting those investments at fair value provides more decision-useful information about their composition, current value and recent changes in value. Statement 52 requires governments to report the changes in fair value as investment income. It also requires them to disclose the methods and significant assumptions employed to determine fair value and to provide other information that they currently present for other investments reported at fair value. GASB Statement No. 52 is effective for financial statements for periods beginning after June 15, 2008. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 53 – In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement provides quality of financial reporting by requiring governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. These improvements should allow users of those financial statements to more fully understand a government's resources available to provide services. The application of interperiod equity means that changes in fair value are recognized in the reporting period to which they relate. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. On the other hand, the changes in fair value of investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period. The disclosures provide a summary of the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments, their significant terms, and the risks associated with the derivative instruments. GASB Statement No. 53 is effective for financial statements for periods beginning after June 15, 2009. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Stewardship, compliance and accountability

Budgetary data – The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund and certain special revenue funds (Low and Moderate Income Housing, State Gas Tax, Air Quality Improvement, Solid Waste, Measure A, Police Donations, and Fire Donations). Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, NPDES Program, Traffic Safety, Community Development Block Grant, State Asset Forfeiture Program, Police Grant, Telecommunications Equipment, Landscape and Lighting District, Special Deposits and Transfer Station Road. The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to the end of the two-year period and administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The Administrative Services Director is authorized to adjust appropriations between each department, provided that the total activity does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for

authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures may not legally exceed total appropriations.

Appropriations limit – Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2008, proceeds of taxes did not exceed appropriations.

Deficit fund equity – The following deficit fund balances were reported at June 30, 2008:

Special revenue fund:	
Solid Waste	\$ 591,525
Capital projects fund:	
Areawide Capital Projects	2,091,592
Nonmajor special revenue funds:	
TDA SB821	233,020
Transfer Station Road	423,750

These deficit balances will be eliminated through future revenues.

Excess of expenditures over appropriations – General Fund expenditures exceeded appropriations by \$239,762. The main reason for this was the recording of an expenditure for \$784,069 related to the transferring of land from the Agency to the City. Appropriated capital outlays in the General Fund operating budget are generally limited to equipment and furniture and fixtures.

The nonmajor special revenue funds in the table below exceeded appropriated expenditures by the designated amounts.

Low and Moderate Income Housing	\$ 339,250
Fire Donations	139,884
Measure A	1,308,934

Low and Moderate Income Housing expenditures exceeded appropriations mainly because expenditures (and the related revenue reimbursements) were not specifically budgeted for the Community Home Improvement Program (CHIP), Assessment District Fee Assistance Program (ADFAP) and the Sewer Hook-Up Assistance Redevelopment Program. Fire Donations expenditures exceeded appropriations because additional grants were awarded that were not originally appropriated for. Measure A expenditures exceeded appropriations because capital-related expenditures are not specifically budgeted for, but are included in a separate capital plan, as these expenditures may cross over several fiscal periods.

NOTE 2 – CASH AND INVESTMENTS

The City's cash and investments are invested pursuant to investment policy guidelines established by the City's Administrative Services Director, subject to review by the City Council. The objectives of the investment policy are preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The City maintains a cash and investment pool available for use by all funds. Each fund

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

type's portion of this pool is displayed on the statement of net assets and balance sheet as *cash and investments*. In addition, certain funds have investments with trustees related to debt issues.

Cash deposits

At year-end, the City's bank balance was \$1,033,458. The recorded balance reflected in the June 30, 2008 financial statements was \$(333,685). As of June 30, 2008, deposits were not entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

Cash and investments reported in the accompanying financial statements as of June 30, 2008, are as follows:

	Government-wide Statement of Net Assets			Fiduciary Funds Statement of Assets and Liabilities	Total
	Governmental Activities	Business-Type Activities	Subtotal		
Cash and investments	\$ 99,827,324	91,723	99,919,047	9,081,931	109,000,978
Restricted cash and investments with fiscal agent	93,417,071	-	93,417,071	6,802,084	100,219,155
Investments held in trust	9,068,205	-	9,068,205	-	9,068,205
Total cash and investments	<u>\$ 202,312,600</u>	<u>91,723</u>	<u>202,404,323</u>	<u>15,884,015</u>	<u>218,288,338</u>

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Note 2 – Cash and Investments continues on the following page.)

Total City deposits and investments at fair value as of June 30, 2008, are reported as follows:

	<u>Fair Value</u>
City deposits:	
Cash on hand	\$ 5,900
Deposits with financial institutions	<u>(333,685)</u>
Total City deposits	<u>(327,785)</u>
City investments:	
Securites of U.S. government agencies:	
Federal National Mortgage Association (FNMA)	2,005,628
Federal Home Loan Bank (FHLB)	25,924,159
Federal Farm Credit Bank (FFCB)	1,976,880
Federal Home Loan Mortgage Corporation (FHLMC)	<u>4,989,623</u>
Total securities of U.S. government agencies	<u>34,896,290</u>
State investment pool	68,993,865
Medium-term notes	3,691,160
Money market mutual funds	<u>1,747,448</u>
Total City investments	<u>109,328,763</u>
Total City funds	<u>109,000,978</u>
Restricted cash and investments with fiscal agent:	
State investment pool	2,073,767
Money market mutual funds	84,097,797
Guaranteed investment agreements	<u>14,047,591</u>
Total restricted cash and investments with fiscal agent	<u>100,219,155</u>
Investments held in trust:	
Local agency bonds	<u>9,068,205</u>
Total investments held in trust	<u>9,068,205</u>
Total cash and investments	<u>\$ 218,288,338</u>

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by Federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the City's deposits or 150% of mortgage-backed collateral. The collateral pledged to cover the public fund deposits in California is held in the name of the California Collateral Pool Administrator and is held in their name by the Federal Reserve Bank as custodian. The City had no uncollateralized cash at June 30, 2008.

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as income from use of property and money reported for that fiscal year. Income from use of property and money includes interest earnings; changes in fair value; any gains or losses realized upon the liquidation, maturity, or sales of investments; property rentals and the sale of City-owned property.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

The City pools cash and investments of all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's cash balance at the end of the quarter. Interest payments are paid to the various funds also on a quarterly basis. Restricted cash and investments includes funds held by trustees relating to bonds payable and those amounts held by each fund for which a specific, non-operating use has been determined.

Investments authorized by the California Government Code and the City's investment policy

The Administrative Services Director updates the Statement of Investment Policy annually. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer who is responsible for the investment of all funds. In his absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his behalf.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal, to meet daily cash flow needs, while providing the best investment return. All investments are made in accordance with the California Government Code and, in general, the City's policy is more restrictive than State law. The City did not have any violations of its policy during the current fiscal year. Section 53607 of the California Government Code allows the City Council to delegate its investment authority to the City Treasurer and requires that the City Treasurer provide a monthly report to the City Council of its investment transactions. The annual delegation of authority is incorporated into the investment policy. The Treasurer's Report meets the requirement for monthly investment reporting.

The table below identifies the investment types that are authorized for the City by California Government Code Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Government Agency Issues	5 years	80%	None
Banker's Acceptances	180 days	40%	30%
Medium-Term Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	80%	\$40 million**
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	N/A	30%	None
Money Market Mutual Funds	N/A	20%	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

** Maximum is \$40 million per account. The City maintains three accounts with LAIF: City, Redevelopment Agency and Public Financing Authority.

Investments authorized by debt agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City's general expenditures.

The following table identifies the investment types that are authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
Government Agency Issues	5 years	None	None
Guaranteed Investment Agreements	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Bonds	N/A	None	None

Deposit and investment risk

The risk disclosures below apply to the City's internal investment pool and deposits. Portfolio investments are exposed to four main types of risk: concentration, interest rate, default and custodial risk. Deposits are exposed primarily to custodial credit risk.

Concentration of credit risk – The investment policy of the City contains limitations on the amount that can be invested in any one issuer, which may be more restrictive than that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Government Agency Issues	\$ 25,924,159

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Investment Type	Remaining Maturity (in Months)			
	12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
City Investments:				
Federal agency notes	\$ 34,896,290	-	34,896,290	-
Medium-term notes	3,691,160	1,000,320	2,690,840	-
Money market mutual funds	1,747,448	-	-	-
State investment pool:				
City of Cathedral City	27,374,870	-	-	-
Redevelopment Agency	36,536,465	-	-	-
Public Financing Authority	5,082,530	-	-	-
Subtotal	109,328,763	70,741,313	37,587,130	-
Investments held in trust:				
Local agency bonds	9,068,205	1,224,700	2,041,117	3,572,553
Total	\$ 118,396,968	72,971,148	39,628,247	3,572,553
Fiscal Agent Investments:				
Money market mutual funds	\$ 84,097,797	-	-	-
Guaranteed investment agreements	14,047,591	-	-	2,785,775
State investment pool:				
City of Cathedral City	2,073,767	-	-	-
Total	\$ 100,219,155	97,433,380	-	2,785,775

Default credit risk – Generally, default credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. The following presentation is the minimum rating required (where applicable) by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type		Minimum Rating	Rating as of Year End	
			Moody's	S & P
Federal Agency Notes	\$ 34,896,290	Not rated	Aaa	AAA
Medium-Term Notes:				
GE Capital	289,275	A	Aaa	AAA
Morgan Stanley	1,000,320	A	Aa3	-
International Lease	777,048	A	A1	A+
Protective Life	654,577	A	Aa3	AA
HSBC Financial Corp. Internotes	969,940	A	Aa3	AA-
Money market mutual funds	85,845,245	A	Aaa	AAAm
Guaranteed investment agreements - AIG MFC*	14,047,591	Not rated	Not rated	Not rated
Local agency bonds	9,068,205	Not rated	Not rated	Not rated
State investment pool	71,067,632	Not rated	Not rated	Not rated
	<u>\$ 218,616,123</u>			

* On September 15, 2008, Standard & Poor's (S&P) downgraded AIG Matched Funding Corporation (AIG MFC) from AA- / A-1+ to A- /A-1.

Custodial credit risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to

recover collateral securities that are in the possession of an outside party. Deposits or securities can be legally restricted. The City maintains a cash account at Wells Fargo Bank. The City maintains a single account for payment of general accounts payable checks and payroll checks. Amounts in excess of \$100,000 are securitized in accordance with California Government Code Section 53652. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit.) The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2008, the City's deposits with institutions in excess of federal depository insurance limits and held in accounts collateralized in accordance with State law as described above were \$838,514.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2008, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank of California, Wells Fargo Institutional Securities, UBS Financial Services, and Wachovia Securities as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

Investment in state investment pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$6,113,006,000 and asset-backed securities totaling \$4,188,272,000.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

NOTE 3 – RECEIVABLES

Receivables balances as of June 30, 2008, for the government's individual major funds and nonmajor funds in the aggregate, are as follows:

	Interest	Accounts	Loans
General fund	\$ 140,183	1,421,143	3,870,952
Special revenue:			
Solid Waste	6,115	46,534	-
Debt service:			
Redevelopment Agency Area 3	111,347	439,481	-
Capital projects:			
Areawide Capital Projects	-	111,701	-
2007 TAB B	1,032	-	-
2007 TAB C	26,949	-	-
Nonmajor governmental funds	459,719	1,678,680	7,760,312
Total governmental funds	<u>\$ 745,345</u>	<u>3,697,539</u>	<u>11,631,264</u>

Loans receivableBig League Dreams Sports, LLC

In September 1996, the City agreed to make a construction loan to Big League Dreams Sports, LLC, in an amount not to exceed \$4,400,000 for the construction of a Sports Park Complex in Cathedral City. On July 30, 1998, Big League Dreams Sports, LLC, signed a promissory note in the amount of \$4,350,239, the total amount advanced under the September 1996 construction loan agreement. Loan payments of \$118,500 (principal and interest) are to be made quarterly through September 30, 2027. The loan is secured by a deed of trust on the Sports Park Complex.

\$ 3,870,952

Cathedral/Creekside, L.P.

On November 1, 2002, the Agency entered into an Owner Participation Agreement (OPA) with Cathedral/Creekside, L.P. In connection with the OPA, Cathedral/Creekside, L.P. executed a promissory note not to exceed \$1,800,000, which is secured by a deed of trust. The amounts due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project's residual receipts. For purposes of this agreement, the "loan term" shall be the period ending 30 years from the date that the certificate of completion is issued by the Agency or 30 days after the maturity date of the obligations, if sold or issued. However, in no event shall the term exceed 33 years.

1,800,000

Cathedral City Heritage Park, L.P.

The Agency and Cathedral City Heritage Park, L.P. entered into an OPA in December 2002 for the development of a 153-unit senior housing complex. The OPA was subsequently amended in June 2004. The OPA provided for an Agency loan of \$2,700,000 to assist the participating owner in developing the project. The loan carries a simple interest rate of 5% per annum and will be repaid from the residual receipts of the project.

3,213,000

Southern California Housing Development Corporation (SCHDC)

On May 1, 2003, the Agency entered into an OPA with Southern California Housing Development Corporation (SCHDC). In connection with the OPA, SCHDC executed a promissory note not to exceed \$1,000,000 secured by a deed of trust. The amount due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project's residual receipts. For purposes of this agreement, the "loan term" shall be the period ending 30 years from the date that the Certificate of Completion is issued by the Agency.

1,000,000

On September 26, 2007, the Agency entered into a Disposition and Development Agreement (DDA) with SCHDC for the construction of up to 94, but no fewer than 84, units of affordable housing, a community center and Police Community Alliance Office, multi-purpose room, complex amenities, parking and landscaping. The Agency will provide assistance up to \$10,662,007, but no less than \$9,925,185. SCHDC will pay an amount equal to the amount advanced plus simple interest of 1% per annum from the date of disbursement. The principal balance and all accrued and unpaid interest are due 55 years from the date the Certificate of Completion is issued by the Agency.

283,806

Cathedral Family Housing Partners, L.P.

On September 21, 2007, the Agency entered into an OPA with California Family Housing Partners, L.P. for the construction of approximately 60 units of affordable housing. The Agency will provide assistance up to \$4,006,162. California Family Housing Partners, L.P. will pay an amount equal to the amount advanced plus simple interest of 2% per annum from the date of disbursement and will be repaid on an annual basis from 50% of the project's residual receipts. In the event of a breach of the agreement, the amount advanced will be deemed to have accrued interest at a rate of 8% per annum from the disbursement date and accelerated as to be payable in full upon demand. For purposes of this agreement, the "loan term" shall be the period ending 55 years from the date that the Certificate of Completion is issued by the Agency.

257,582

Other loan agreements

The Agency has entered into loan agreements with low and moderate housing property owners for their benefit. This assistance may include property rehabilitation, property tax payments, etc. If the property owner refinances or sells the property, or no longer qualifies for low and moderate housing under the established guidelines, the amounts loaned are due and payable. At the end of 30 or 45 years, depending on the agreement, the total amount loaned related to that property will be forgiven.

1,205,924

Total loans receivable
Less: Deferred revenue (interest)
Net loans receivable

11,631,264
(517,124)
\$ 11,114,140

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

NOTE 4 – INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances are reported in the fund financial statements at June 30, 2008 as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,657,213	-
Areawide Capital Projects Fund	-	1,944,893
Nonmajor governmental funds	-	712,320
	<u>\$ 2,657,213</u>	<u>2,657,213</u>

All balances reported as "due to/due from" are short-term loans to cover temporary cash shortages as of June 30, 2008, and will be repaid in early fiscal year 2009. "Advances to/from" balances represent loan activity between various funds. There was no loan activity between funds as of June 30, 2008.

NOTE 5 – TRANSFERS

Transfers report the nonreciprocal contribution from one fund to another. The following is a summary of transfers for the year ended June 30, 2008:

	Transfers Out					Total All Funds
	General Fund	Special Revenue Solid Waste	Debt Service RDA Area 3	Public Financing Authority	Nonmajor Governmental Funds	
Transfers In:						
General fund	\$ -	3,456	474,610	-	3,460,640	3,938,706
Major funds:						
Debt service:						
Public Financing Authority	1,348,799	-	7,376,083	-	4,917,330	13,642,212
Capital projects:						
Areawide Capital Projects	-	-	178,000	-	79,227	257,227
2007 TAB Series B	-	-	6,325	-	-	6,325
2007 TAB Series C	-	-	6,367	-	-	6,367
Nonmajor governmental funds	174,456	135,281	3,389	2,743,164	5,642,590	8,698,880
Internal service funds	1,437,283	-	51,206	-	350,765	1,839,254
Total all funds	<u>\$ 2,960,538</u>	<u>138,737</u>	<u>8,095,980</u>	<u>2,743,164</u>	<u>14,450,552</u>	<u>28,388,971</u>

Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

During the year ended June 30, 2008, various interfund transfers listed above were made to finance expenditures, subsidize operating losses and service debt. Transfers of \$3.9 million into the City's General

fund were for salary and benefits and other cost reimbursements and transfers of land held for resale from the Agency to the City. Significant transfers between the governmental funds consisted of:

- \$13.6 million from various funds to the Public Financing Authority fund for debt service payments as they became due.
- \$2.7 million from the Public Financing Authority fund to the 2004 Limited Obligation Bond A fund for debt service payments as they became due.
- \$2.5 million from the Low and Moderate Income Housing fund to the 2002 D Housing Bonds and 2002 E Housing Bonds debt service funds for debt service payments as they became due.
- \$1.0 million reallocation of bond funds from the 2002 D Housing Bond capital projects fund to the Low and Moderate Income Housing fund in accordance with the bond document.
- \$1.0 million from the Redevelopment Agency Area 1 debt service fund to the Redevelopment Agency Administration capital projects fund for annual administration costs.
- \$1.8 million from various funds to the internal service funds for equipment replacement and insurance costs.

NOTE 6 – CAPITAL ASSETS

A summary of capital assets at June 30, 2008 is as follows:

	Governmental Activities	Business-Type Activities	Totals
Capital assets, not being depreciated:			
Land	\$ 22,388,489	-	22,388,489
Construction in progress	42,568,547	-	42,568,547
Total capital assets, not being depreciated	64,957,036	-	64,957,036
Capital assets being depreciated:			
Buildings	30,989,177	-	30,989,177
Equipment	3,218,898	132,947	3,351,845
Vehicles	7,805,205	-	7,805,205
Furniture and fixtures	1,026,395	-	1,026,395
Infrastructure	116,650,011	-	116,650,011
Total capital assets, being depreciated	159,689,686	132,947	159,822,633
Less accumulated depreciation:			
Buildings	(7,476,410)	-	(7,476,410)
Equipment	(1,985,278)	(93,115)	(2,078,393)
Vehicles	(3,928,069)	-	(3,928,069)
Furniture and fixtures	(1,012,327)	-	(1,012,327)
Infrastructure	(33,699,530)	-	(33,699,530)
Total accumulated depreciation	(48,101,614)	(93,115)	(48,194,729)
Total capital assets, being depreciated, net	111,588,072	39,832	111,627,904
Total capital assets, net	\$ 176,545,108	39,832	176,584,940

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Governmental Activities

Capital asset activity related to governmental activities for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,604,420	784,069	-	22,388,489
Construction in progress	43,031,894	25,750,632	(26,213,979)	42,568,547
Total capital assets, not being depreciated	64,636,314	26,534,701	(26,213,979)	64,957,036
Capital assets being depreciated:				
Buildings	31,379,281	-	(390,104)	30,989,177
Equipment	3,112,798	106,100	-	3,218,898
Vehicles	7,617,860	753,129	(565,784)	7,805,205
Furniture and fixtures	1,026,395	-	-	1,026,395
Infrastructure	90,436,032	26,213,979	-	116,650,011
Total capital assets, being depreciated	133,572,366	27,073,208	(955,888)	159,689,686
Less accumulated depreciation:				
Buildings	(6,779,093)	(697,317)	-	(7,476,410)
Equipment	(1,748,564)	(236,714)	-	(1,985,278)
Vehicles	(3,669,248)	(810,238)	551,417	(3,928,069)
Furniture and fixtures	(1,008,138)	(4,189)	-	(1,012,327)
Infrastructure	(31,631,166)	(2,068,364)	-	(33,699,530)
Total accumulated depreciation	(44,836,209)	(3,816,822)	551,417	(48,101,614)
Total capital assets, being depreciated, net	88,736,157	23,256,386	(404,471)	111,588,072
Governmental activities capital assets, net	\$ 153,372,471	49,791,087	(26,618,450)	176,545,108

Depreciation expense was charged to functions as follows:

General government	\$ 495,018
Community development	4,378
Culture and recreation	214,984
Public safety	155,013
Public works, including depreciation of infrastructure assets	2,137,191
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	810,238
Total depreciation expense	\$ 3,816,822

Business-type Activities

Capital asset activity related to business-type activities for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 132,947	-	-	132,947
Total capital assets, being depreciated	132,947	-	-	132,947
Less accumulated depreciation:				
Equipment	(71,101)	(22,014)	-	(93,115)
Total accumulated depreciation	(71,101)	(22,014)	-	(93,115)
Total capital assets, being depreciated, net	61,846	(22,014)	-	39,832
Business-type activities capital assets, net	\$ 61,846	(22,014)	-	39,832

Depreciation expense was charged to functions as follows:

Culture and recreation	\$ 22,014
Total depreciation expense	\$ 22,014

In February 2008, a fire damaged the Cathedral City Library, a branch of the Riverside County Library System. The library has been closed since the fire occurred and it is not expected to reopen until January 2009. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the City has at June 30, 2008, recognized in the accompanying financial statements the impact of the impairment related to the fire. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. The carrying value of the building at June 30, 2008, was written down to \$3,873,817 for the effect of the impairment loss. The impairment loss of \$390,104 has been netted against insurance recoveries of \$653,740 received as of June 30, 2008, and shown as an extraordinary item in the Statement of Activities.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2008 are as follows:

	Beginning Balance	Accrued Interest	Adjustments	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:							
Bonds, loans and capital leases payable:							
Lease revenue bonds	\$ 6,030,000	-	-	-	(375,000)	5,655,000	400,000
Tax allocation bonds	225,146,000	-	-	-	(2,395,000)	222,751,000	3,690,000
Limited obligation bonds	11,220,000	-	-	-	(2,150,000)	9,070,000	2,215,000
Capital lease obligations (Note 8)	1,500,049	-	-	-	(194,811)	1,305,238	124,485
Long-term loans and notes payable (Note 9)	8,456,203	785,069	-	-	(7,126)	9,234,146	-
Unamortized bond discount	(807,145)	-	673,456	-	5,062	(128,627)	-
Unamortized bond premium	317,391	-	4,709	-	(12,712)	309,388	-
Subtotal	251,862,498	785,069	678,165	-	(5,129,587)	248,196,145	6,429,485
Other liabilities:							
Compensated absences (Note 1)	2,609,703	-	-	2,301,271	(1,998,084)	2,912,890	1,750,000
Claims and judgments (Note 12)	2,208,350	-	-	488,022	(1,469,643)	1,226,729	500,000
Total other liabilities	4,818,053	-	-	2,789,293	(3,467,727)	4,139,619	2,250,000
Total governmental activities long-term liabilities	\$ 256,680,551	785,069	678,165	2,789,293	(8,597,314)	252,335,764	8,679,485

The following is a description of long-term liabilities as of June 30, 2008:

Lease Revenue Bonds

Cathedral City Public Financing Authority: 1996 Refunding Lease Revenue Bonds (Capital Facilities Projects) (\$2,945,000)

1996 Refunding Lease Revenue Bonds (Capital Facilities Projects) issued December 11, 1996; interest is at 5.00% to 5.10% on bonds outstanding. Annual principal installments range from \$285,000 to \$300,000 through August 1, 2009.

The proceeds from the bonds were used to refund the Series 1986 Certificates of Participation and the Series 1987 Certificates of Participation ("Prior Certificates"). *Repayment of the bonds is financed from lease revenues pledged by the City to the Authority.*

\$ 585,000

Cathedral City Public Financing Authority: 1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) (\$5,920,000)

1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) issued March 19, 1997; interest is at 7.30% to 7.875% on bonds outstanding. Annual principal installments range from \$115,000 to \$475,000 through August 1, 2027.

The proceeds from the bonds were loaned to the City. The City used the proceeds from the loan to make a construction loan to Big League Dreams Sports, LLC for the

construction of a sports complex and community park in the city. The reserve requirement is an amount equal to the lesser of the maximum annual debt service or the maximum amount permitted to be deposited in the reserve account. At June 30, 2008, the reserve requirement was \$592,000. The amount held in reserve was \$592,003 at June 30, 2008. *Repayment of the bonds is financed from lease revenues pledged by the City to the Authority.*

	<u>5,070,000</u>
Total lease revenue bonds	<u>\$ 5,655,000</u>

The annual debt service requirements to amortize the lease revenue bonds as of June 30, 2008, are as follows:

Governmental Activities:

Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2009	\$ 400,000	415,206
2010	420,000	391,325
2011	130,000	373,987
2012	140,000	363,525
2013	155,000	352,094
2014 - 2018	960,000	1,554,900
2019 - 2023	1,405,000	1,098,366
2024 - 2028	2,045,000	427,416
	<u>\$ 5,655,000</u>	<u>4,976,819</u>

Tax Allocation Bonds

Cathedral City Public Financing Authority: 2000 Tax Allocation Revenue Bonds, Series A (Senior Bonds) (\$12,311,000)

2000 Tax Allocation Revenue Bonds, Series A (Senior Bonds), issued March 30, 2000; interest is at 4.80% to 6.15% on bonds outstanding. Annual principal installments range from \$40,000 to \$700,000 through August 1, 2033.

The proceeds were loaned to the Agency to assist in financing the construction and acquisition of certain capital improvements in the Agency's Merged Project Area. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2008, the reserve requirement was \$1,085,000. A reserve account surety bond for \$1,085,000 was being held at June 30, 2008. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority.*

\$ 12,081,000

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$24,220,000)

2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 10, 2002; interest is at 3.00% to 5.00% on bonds outstanding. Annual principal installments range from \$495,000 to \$1,400,000 through August 1, 2033.

The Authority used the proceeds: (a) to refund certain subordinate tax allocation revenue bonds issued by the Authority in 2000; (b) to assist the Agency in financing the construction and acquisition of certain capital improvements in the Agency's Merged Project Area and Project Area No. 3 through a loan; and (c) to fund the premium for a reserve fund surety bond. The reserve requirement is to be met by issuance of a reserve account surety bond in the stated amount for the Merged Project Area (\$1,014,000) and Project Area No. 3 (\$490,000). At June 30, 2008, the reserve requirement was \$1,504,000. Surety bonds in the amounts of \$1,014,000 and \$490,000 were being held at June 30, 2008. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority.*

21,705,000

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects) (\$22,820,000)

2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects), issued November 10, 2002; interest is at 3.00% to 5.00% on bonds outstanding. Annual principal installments range from \$450,000 to \$1,365,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2008, the reserve requirement was \$1,435,000. A reserve account surety bond for \$1,435,000 was being held at June 30, 2008. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority.*

20,890,000

Cathedral City Public Financing Authority: 2002 Taxable Tax Allocation Revenue Bonds, Series E (Cathedral City Housing Redevelopment Projects) (\$14,350,000)

2002 Taxable Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects), issued November 21, 2002; interest is at 4.07% to 6.16% on bonds outstanding. Annual principal installments range from \$235,000 to \$975,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an

amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2008, the reserve requirement was \$1,039,000. A reserve account surety bond for \$1,039,000 was being held at June 30, 2008. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority.*

13,345,000

Cathedral City Public Financing Authority: 2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$21,370,000)

2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 4.00% to 5.125% on bonds outstanding. Annual principal installments range from \$305,000 to \$1,985,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund principal of \$15,625,000 of the remaining 1995 Tax Allocation Bonds, Series A, create \$4,000,000 of new project resources, and pay the cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2008, the reserve requirement was \$1,759,000. A reserve account surety bond for \$1,759,000 was being held at June 30, 2008. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

20,155,000

Cathedral City Public Financing Authority: 2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects) (\$8,630,000)

2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 3.96% to 5.87% on bonds outstanding. Annual principal installments range from \$140,000 to \$565,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to fund \$8,231,000 of new project resources and pay the cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2008, the reserve requirement was \$598,000. A reserve account surety bond for \$598,000 was being held at June 30, 2008. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

8,065,000

Cathedral City Public Financing Authority: 2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$13,000,000)

2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued June 17, 2005; interest is at 3.125% to 4.50% on bonds outstanding. Annual principal installments range from \$360,000 to \$615,000 through August 1, 2034.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund the remaining outstanding portion of the Agency's 1995 Tax Allocation Revenue Bonds, Series A issued by the Authority in November 1995 for the Project Area No. 3 and the Merged Project Area. Additionally, new monies were created in the amount of \$732,000 for Project Area No. 3 and \$2,010,000 for the Merged Project Area. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2008, the reserve requirement was \$579,000. A reserve account surety bond for \$579,000 was being held at June 30, 2008. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

11,510,000

Cathedral City Public Financing Authority: 2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area) (\$29,740,000)

2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.50% on bonds outstanding. Annual principal installments beginning August 1, 2031 range from \$2,560,000 to \$10,135,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2008, the reserve requirement was \$1,700,000. A reserve account surety bond for \$1,700,000 was being held at June 30, 2008. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

29,740,000

Cathedral City Public Financing Authority: 2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area) (\$53,400,000)

2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 5.14% to 5.39% on bonds outstanding. Annual principal installments range from \$1,215,000 to \$3,780,000 through August 1, 2031.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2008, the reserve requirement was \$3,053,000. A reserve account surety bond for \$3,053,000 was being held at June 30, 2008. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

53,400,000

Cathedral City Public Financing Authority: 2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area) (\$31,860,000)

2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.00% to 5.00% on bonds outstanding. Annual principal installments range from \$670,000 to \$2,055,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund a reserve account and pay the costs of issuance. The reserve was originally funded with a portion of the proceeds of the Series C bonds (\$2,148,925). The reserve account balance at June 30, 2008, was \$2,173,329. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority.*

31,860,000

Total tax allocation bonds

\$ 222,751,000

The annual debt service requirements to amortize the tax allocation revenue bonds as of June 30, 2008, are as follows:

Governmental Activities:

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2009	\$ 3,690,000	10,756,157
2010	3,845,000	10,595,309
2011	4,690,000	10,407,301
2012	4,905,000	10,194,822
2013	5,120,000	9,971,375
2014 - 2018	29,345,000	46,010,662
2019 - 2023	37,180,000	38,317,108
2024 - 2028	42,953,324	32,042,840
2029 - 2033	54,613,360	20,072,653
2034 - 2036	36,409,316	2,958,401
	<u>\$ 222,751,000</u>	<u>191,326,628</u>

Limited Obligation Bonds

Cathedral City Public Financing Authority: 2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations)

2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations), issued December 3, 2004; interest is at 3.00% to 5.30% on bonds outstanding. Annual principal installments range from \$180,000 to \$2,215,000 through September 2, 2026.

The proceeds were used to: (1) purchase the entire outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Vista) Series 2004, which were issued concurrently with the bonds; (2) refund the Authority's 1996 Series A and Series B Revenue Bonds, which had originally purchased the City of Cathedral City's Limited Obligation Refunding Bonds (Property Secured Only – No Issuer Liability, City of Cathedral City, District Nos. 85-1, 86-1, 86-5, 88-2 and 88-3); (3) fund a reserve account; and (4) pay the costs of issuance. *Repayment of the bonds is secured solely by payments received from the 2004 Rio Vista District Bonds and the City's Limited Obligation Refunding Bonds, Series 1996.*

\$ 9,070,000

Total limited obligation bonds

\$ 9,070,000

The annual debt service requirements to amortize the revenue bonds as of June 30, 2008, are as follows:

Governmental Activities:

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2009	\$ 2,215,000	330,730
2010	1,230,000	275,211
2011	1,000,000	233,542
2012	850,000	198,443
2013	180,000	179,163
2014 - 2018	1,030,000	771,578
2019 - 2023	1,285,000	503,401
2024 - 2027	1,280,000	139,805
	<u>\$ 9,070,000</u>	<u>2,631,873</u>

Debt Compliance

There are a number of limitations, restrictions and covenants contained in the various loan, note and bond indentures. The City believes it is in compliance with all significant limitations, restrictions and covenants.

NOTE 8 – CAPITAL LEASE OBLIGATIONS

On September 23, 2004, the City entered into a Master Lease Agreement with Sun Trust Leasing Corporation for the purpose of facilitating equipment lease/purchase/financing. Under the Master Lease Agreement, the City can enter into special equipment schedules for the purchase of necessary equipment or improvements. Upon payment completion of any equipment lease (financing), the equipment contained therein shall become the property of the City without further payment.

- Equipment Schedule 001 was initiated on September 23, 2004 for \$2,753,500 for the financing of an energy savings project to install building lighting, traffic LED, solar electric panels and window tinting with Honeywell. The outstanding balance at June 30, 2008, was \$1,305,238.

The assets acquired through capital leases are as follows:

Governmental activities:	
Infrastructure	\$ 2,847,084
Less: Accumulated depreciation	<u>-</u>
Total governmental activities	<u><u>\$ 2,847,084</u></u>

City policy is to depreciate constructed assets beginning in the year subsequent to their completion and acceptance by City Council.

The amount of future minimum lease payments as of June 30, 2008, is as follows:

Year Ending June 30	Principal	Interest
2009	\$ 124,485	53,515
2010	129,589	48,411
2011	134,903	43,097
2012	140,433	37,567
2013	146,191	31,809
2014 - 2017	<u>629,637</u>	<u>64,789</u>
Total	<u><u>\$ 1,305,238</u></u>	<u><u>279,188</u></u>

NOTE 9 – LONG-TERM LOANS AND NOTES PAYABLE

Long-term loans

The Cathedral City Redevelopment Agency's Low and Moderate Income Housing Division entered into a loan agreement with the California Housing Finance Agency on February 24, 2004, with a total available principal amount of \$500,000. The term of the loan is 10 years from the date of the agreement and bears a simple interest rate of 3% per annum, to be charged only on the funds disbursed. Repayment is deferred for the term of the Housing Enabled by Local Partnerships (HELP) Loan. Interest of \$47,236 was accrued for the year ended June 30, 2008. No payment is due on the loan until February 24, 2014.

\$ 547,236

Notes payable

On December 29, 1986, the Cathedral City Redevelopment Agency (a component unit of the City of Cathedral City) ("Agency") issued a promissory note to CJR Investment Partnership in the sum of \$2,788,423 for the balance of the purchase price in acquiring approximately eleven acres of real property located in Project Area No. 2 (Merged Project Area). Interest on the note accrues upon the opening of the facility developed on the property, which was October 27, 1987, at a floating rate equal to two percent per annum over the Wells Fargo Bank prime rate compounded annually. The note will be repaid by the Agency using any increases in the property tax increment derived from increases in the assessed value of the property and any other legally available sources of revenue. Repayments on the note will be in amounts equal to 70% of the sales and use tax revenues derived from business activities conducted

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

upon the site and received by the City of Cathedral City. On November 22, 2027, any unpaid principal and interest owed by the Agency will be forgiven. Interest of \$737,833 was accrued for the year ended June 30, 2008. The outstanding balance, which includes accrued interest at June 30, 2008, was \$8,686,910. There is no fixed repayment schedule for the amounts owed under the promissory note.

8,686,910

Total long-term loans and notes payable

\$ 9,234,146

NOTE 10 – PENSION PLAN**Safety Employees****Plan description**

The City's defined benefit pension plans, the Safety Plans for the City of Cathedral City, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

The City of Cathedral City participates in risk pooling, which consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members.

Funding policy

Participants are required to contribute 9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008 was 21.144% for safety (police) and 12.462% for safety (fire). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Employer required contribution

For fiscal year 2008, the City's actual and contributed employer required contribution was \$1,514,269. The required contribution for fiscal year 2008 was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

Three-year trend information for the Safety Plans:

Safety Employees (Police)

<u>Fiscal Year</u>	<u>Employer Required Contribution (ERC)</u>	<u>Percentage of ERC Contributed</u>
6/30/06	\$ 897,653	100%
6/30/07	1,022,110	100%
6/30/08	1,045,147	100%

Safety Employees (Fire)

<u>Fiscal Year</u>	<u>Employer Required Contribution (ERC)</u>	<u>Percentage of ERC Contributed</u>
6/30/06	\$320,065	100%
6/30/07	384,827	100%
6/30/08	469,122	100%

Miscellaneous Employees

Plan description

During the year ended June 30, 2008, the City implemented GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27*. The statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. The statement required the City to include the following in its note disclosure: information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial accrued liability, the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability to annual covered payroll. This information is provided in the *Funded status and funding progress* section of this note.

The City's defined benefit pension plan, the Miscellaneous Plan for the City of Cathedral City, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Funding policy and annual pension cost

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008 was 11.288% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2008, the City's actual and contributed annual pension cost was \$871,188.

Actuarial methods and assumptions

The following is information as of the most recent actuarial valuation:

Actuarial valuation date	June 30, 2006
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75% (net of administrative expenses)
Inflation	3.00%
Projected salary increases	3.25% to 14.45% (depending on age, service and type of employment)
Individual salary growth	Merit scale varying by duration of employment coupled with an assumed inflation growth of 3.00% and an annual production growth of 0.25%

Funded status and funding progress

The following is funded status information for the Miscellaneous Plan as of June 30, 2006:

Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio (AVA)	Annual Covered Payroll	UL As a % of Payroll
(a)	(b)	(a) – (b)	(b) / (a)	(c)	[(a) – (b)] / (c)
\$19,569,492	\$17,103,879	\$2,465,613	87.4%	\$5,698,461	43.3%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-year trend information for the Miscellaneous Plan is as follows:

<u>Miscellaneous Employees</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$696,113	100%	-
6/30/07	748,087	100%	-
6/30/08	871,188	100%	-

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the retirement plan described in Note 10, the City provides a post-employment retiree insurance program for all regular employees taking a qualified retirement under the PERS system. Employees who elect within two months after retirement to participate in such group health insurance policies (medical, dental and vision) as are provided by the City, must be eligible for, and will receive the corresponding benefits associated with, the bargaining unit to which they belong.

The City finances these post-employment benefits on a pay-as-you-go basis. As of June 30, 2008, there were 46 retirees eligible to receive monthly retiree insurance benefits. For the fiscal year ended June 30, 2008, \$444,278 of post-employment insurance benefit expenditures was recognized.

NOTE 12 – SELF-INSURANCE PROGRAM

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of twenty-six participating member agencies with equal governing and no management authority. The City of Cathedral City joined PERMA on July 25, 1985, for the purpose of long-term premium stability. The City participates in the employer's liability coverage and the worker's compensation coverage programs of PERMA.

PERMA's liability program provides coverage up to \$25 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected self-insurance of \$250,000 and participates in risk sharing pools for losses up to \$5 million per occurrence, limited to \$10 million.

PERMA's workers' compensation program provides up to \$50 million per accident for workers' compensation and up to \$10 million each accident for employer's liability. The City's self-insurance limit under workers' compensation is \$250,000 per accident or employee with coverage to statutory limits.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$1,226,729 at June 30, 2008. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Changes in claims liabilities for the past two years are as follows:

	Beginning Balance	Claims Incurred/ Changes In Estimates ¹	Claims Payments	Ending Balance
2006 - 07	\$ 2,747,841	(51,942)	(487,549)	2,208,350
2007 - 08	2,208,350	(60,319)	(921,302)	1,226,729

¹ Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates amounts have been combined.

NOTE 13 – CONTINGENT LIABILITIES

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in Note 12.

NOTE 14 – LOAN GUARANTEES/COMMITMENTS

On April 23, 2003, the Agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the Agency for a 14-screen multiplex theater complex (Mary Pickford Theatres) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the Agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

As of June 30, 2008, there were 96 payments remaining on the loan for a total obligation of up to \$9,583,296 guaranteed by the Agency. Payments made by the Agency on the loan guaranty exceeded the rent payments received from NACI by \$278,853 for the fiscal year ended June 30, 2008.

NOTE 15 – PLEDGED REVENUES**Tax increment**

The City has pledged a portion of future property tax increment revenues to repay \$231,701,000 in various tax allocation bonds issued between March 2000 and March 2007. The bonds were issued to finance construction and acquisition of capital improvements in the Agency's redevelopment project areas. The bonds

are payable solely from the incremental property taxes generated by increased property values in the project areas. Although the incremental property taxes were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, certain conditions could have a material, adverse impact on revenues allocated to the Agency. These include future decreases in the assessed valuation of the project areas, decreases in the applicable tax rates or collection rates, general decline in the economic condition of the project areas, or a change in the law reducing the tax increment received by the Agency. Total principal and interest remaining on the various bonds is \$414,077,628, payable through August 2035. For the current year, principal and interest paid and total incremental property tax revenues were \$11,620,385 and \$28,868,966, respectively.

Lease revenues

The City has pledged certain lease revenues to repay \$8,865,000 in lease revenue bonds issued in December 1996 and March 1997. The lease revenue bonds were issued to refund previously issued certificates of participation and make a construction loan to a developer for the construction of a sports complex and community park. The bonds are payable solely from the lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. Total principal and interest remaining on the bonds is \$10,631,819, payable through August 2027. For the current year, principal and interest paid and total lease revenues were \$812,235 and \$735,736, respectively.

NOTE 16 – SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

Special assessment districts ("Districts") in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2008 is as follows:

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Note 16 – Special Assessment Debt With No City Commitment continues on the following page.)

City of Cathedral City

Notes to the Financial Statements (continued)
For the Year Ended June 30, 2008

Special Assessment Debt With No City Commitment

Description	Issue Year	Maturity Year	Outstanding Balance
Assessment Districts No. 85-1, 86-1, 86-5, 88-2 and 88-3, Series 1996, Limited Obligation Refunding Bonds	1996	2011	\$ 4,738,000
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	2,725,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2030	12,095,000
Assessment District 96-1 (Rio Vista) (Reassessment and Refunding of 2004), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	4,330,205
35th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	6,060,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	5,590,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	32,495,000
			<u>\$ 68,033,205</u>

NOTE 17 – RESTATEMENT OF BEGINNING NET ASSETS

As of June 30, 2008, the beginning net assets for the following activities were restated as follows:

Governmental Activities

Beginning net assets, as previously reported	\$ 168,269,905
Reclassifying net assets of 2004 Limited Obligation Bond A Fund	1,713,195
Correction of reported value of investment held in trust	<u>(60,055)</u>
Beginning net assets, as restated	<u>\$ 169,923,045</u>

Business-type Activities

Beginning net assets, as previously reported	\$ -
Reclassifying Cathedral City Downtown Foundation from discretely presented to blended component unit	<u>89,662</u>
Beginning net assets, as restated	<u>\$ 89,662</u>

NOTE 18 – RESTATEMENT OF BEGINNING FUND BALANCES

Certain amounts in the beginning fund balances have been restated in fiscal year 2008 due to addition, combination, and/or reclassification of individual funds. Beginning fund balances of these funds have been restated as follows:

General Fund

Beginning fund balance, as previously reported	\$ 21,210,859
Reclassifying/combining Big League Dreams Fund	<u>5,269,282</u>
Beginning fund balance, as restated	<u>\$ 26,480,141</u>

2004 Limited Obligation Bond A Fund

Beginning fund balance, as previously reported	\$ -
Reclassifying fund from agency fund to debt service fund	2,392,415
Funds belonging to Assessment District 96-1 Agency Fund	<u>(679,220)</u>
Beginning fund balance, as restated	<u>\$ 1,713,195</u>

The beginning fund balance of the Public Financing Authority Fund has been restated in fiscal year 2008 due to correcting bond proceeds received in a previous year and the subsequent investment in assessment district debt.

Public Financing Authority Fund

Beginning fund balance, as previously reported	\$ 2,476,323
Correct bond proceeds received in a prior year	<u>11,159,945</u>
Beginning fund balance, as restated	<u>\$ 13,636,268</u>

NOTE 19 – SUBSEQUENT EVENTS

Investment holdings

In September 2008, the U.S. Treasury placed government-sponsored enterprises Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) into conservatorship and committed to provide as much as \$100 billion to each company to backstop any shortfalls in capital through 2009, which protected the principal and interest payments on their debt (bonds issued). At June 30, 2008, the City held \$2,005,628 fair value of Fannie Mae debt securities with a par value of \$2,000,000 and \$4,989,623 of Freddie Mac debt securities with a par value of \$5,000,000. The fair value of Fannie Mae and Freddie Mac debt securities at October 31, 2008, was \$1,999,998 and \$4,967,215, respectively.

Equipment lease-purchase agreement

In July 2008, City Council and the Board of Directors of the Cathedral City Redevelopment Agency authorized the City's participation in the Joint Powers Agreement to establish the Eastern Riverside County Interoperable Communications Authority (ERICA), a governing authority for a regional interoperable communications system. In addition to the start-up costs for the shared infrastructure and recurring costs for management and operations, the City would be responsible for costs of the non-shared communications equipment and subscriber units.

On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola for the communications equipment and subscriber units. The total amount financed is \$2,175,829. Annual payments of \$273,493 will commence on October 1, 2009 and continue through October 1, 2018 from redevelopment monies.

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Fountain of Life (Cathedral City Civic Center)



Required Supplementary Information



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City of Cathedral City
PERS Schedule of Funding Progress
June 30, 2008

<u>Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liability (UL)</u>	<u>Funded Ratio - AVA</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
	(a)	(b)	(a) - (b)	(b) / (a)	(c)	[(a) - (b)] / (c)
June 30, 2004						
Miscellaneous	\$16,098,695	\$ 13,567,846	\$2,530,849	84.3%	\$5,027,203	50.3%
June 30, 2005						
Miscellaneous	\$17,783,539	\$ 15,162,403	\$2,621,136	85.3%	\$5,391,541	48.6%
June 30, 2006						
Miscellaneous	\$19,569,492	\$ 17,103,879	\$2,465,613	87.4%	\$5,698,461	43.3%

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund and Solid Waste Fund
Year ended June 30, 2008

	General Fund			Variance
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	with Final Budget - Over (Under)
Revenues				
Taxes	\$ 19,530,000	19,530,000	18,195,281	(1,334,719)
Intergovernmental	61,000	61,000	348,911	287,911
Licenses and permits	2,228,000	2,228,000	957,174	(1,270,826)
Fines and forfeitures	10,000	10,000	12,799	2,799
Charges for services	3,950,000	4,331,015	3,067,514	(1,263,501)
Revenues from use of money and property	750,000	750,000	1,291,597	541,597
Miscellaneous	1,139,939	1,238,939	843,657	(395,282)
Total revenues	<u>27,668,939</u>	<u>28,148,954</u>	<u>24,716,933</u>	<u>(3,432,021)</u>
Expenditures				
Current:				
General government	5,729,611	5,673,611	5,523,831	(149,780)
Community development	3,368,345	3,431,345	3,598,834	167,489
Culture and recreation	292,692	292,692	147,110	(145,582)
Public safety	19,209,488	19,802,622	20,364,388	561,766
Public works	1,099,097	1,099,097	1,149,023	49,926
Payments under pass-through agreements	452,000	452,000	-	(452,000)
Capital outlay	351,725	430,296	1,144,309	714,013
Debt service:				
Principal	105,000	105,000	-	(105,000)
Interest	401,070	401,070	-	(401,070)
Total expenditures	<u>31,009,028</u>	<u>31,687,733</u>	<u>31,927,495</u>	<u>239,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,340,089)</u>	<u>(3,538,779)</u>	<u>(7,210,562)</u>	<u>(3,671,783)</u>
Other financing sources (uses)				
Transfers in	2,359,304	2,260,304	3,938,706	1,678,402
Transfers out	(1,818,483)	(1,844,721)	(2,960,538)	(1,115,817)
Total other financing sources (uses)	<u>540,821</u>	<u>415,583</u>	<u>978,168</u>	<u>562,585</u>
Net change in fund balance	<u>(2,799,268)</u>	<u>(3,123,196)</u>	<u>(6,232,394)</u>	<u>(3,109,198)</u>
Fund balance (deficit), beginning	<u>26,480,141</u>	<u>26,480,141</u>	<u>26,480,141</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 23,680,873</u>	<u>23,356,945</u>	<u>20,247,747</u>	<u>(3,109,198)</u>

See note to required supplementary information.



Solid Waste Fund				
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)	
-	-	-	-	Revenues
-	-	13,576	13,576	Taxes
-	-	-	-	Intergovernmental
-	-	-	-	Licenses and permits
-	-	-	-	Fines and forfeitures
300,000	300,000	423,217	123,217	Charges for services
-	-	11,418	11,418	Revenues from use of money and property
-	-	-	-	Miscellaneous
300,000	300,000	448,211	148,211	Total revenues
				Expenditures
563,500	563,500	599,424	35,924	Current:
-	-	-	-	General government
-	-	-	-	Community development
-	-	-	-	Culture and recreation
-	-	-	-	Public safety
-	-	-	-	Public works
114,000	114,000	1,708	(112,292)	Payments under pass-through agreements
-	-	-	-	Capital outlay
-	-	-	-	Debt service:
				Principal
				Interest
677,500	677,500	601,132	(76,368)	Total expenditures
(377,500)	(377,500)	(152,921)	224,579	Excess (deficiency) of revenues
-	-	-	-	Other financing sources (uses)
(159,350)	(159,350)	(138,737)	20,613	Transfers in
(159,350)	(159,350)	(138,737)	20,613	Transfers out
(536,850)	(536,850)	(291,658)	245,192	Total other financing sources (uses)
(299,867)	(299,867)	(299,867)	-	Net change in fund balance
(836,717)	(836,717)	(591,525)	245,192	Fund balance (deficit), beginning
				Fund balance (deficit), ending

City of Cathedral City

Note to the Required Supplementary Information

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City of Cathedral City adopts a two-year budget prepared on the modified accrual basis of accounting for the general fund and certain special revenue funds. Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, NPDES Program, Traffic Safety, Community Development Block Grant, State Asset Forfeiture Program, Police Grant, Telecommunications Equipment, Landscape and Lighting District, Special Deposits and Transfer Station Road.

The City Manager and Administrative Services Director prepare and submit the two-year budget to City Council for approval prior to the end of the two-year period and then administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the two-year budget period. All appropriations lapse at year-end.

The City Manager and Administrative Services Director are authorized to adjust appropriations between each department or activity, provided that the total appropriations for each department or activity do not exceed the amounts approved in the budget for any amending resolutions. Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. Unexpended appropriations for authorized, but uncompleted projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures, may not legally exceed total appropriations. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

General Fund expenditures exceeded appropriations by \$239,762. The main reason for this was the recording of an expenditure for \$784,069 related to the transferring of land from the Agency to the City. Appropriated capital outlays in the General Fund operating budget are generally limited to equipment and furniture and fixtures.

Fountain of Life (Cathedral City Civic Center)



Nonmajor Governmental Funds



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SPECIAL REVENUE FUNDS – Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Low and Moderate Income Housing – Accounts for low and moderate income housing expenditures for the Redevelopment Agency and 20% set aside of property tax increment revenues collected by the County of Riverside.

Master Underground Plan – Accounts for the cost of burying above ground utility lines. Financing is provided by a fee charged to developers.

Developer Fees – Accounts for revenue and expenditures for various developer fees imposed by the City and reserved for specific projects as designated by the individual fee approved by the City Council. Financing is provided by fees charged to developers.

TDA SB821 – Accounts for the revenue and expenditures under the Transportation Development Act (TDA) Article 3 Riverside County Transportation Commission (RCTC) approved projects. Projects are funded by the RCTC.

National Pollutant Discharge Elimination System (NPDES) Program – Accounts for the funds received from the County of Riverside for compliance with the requirements of the Federal Clean Water Act regarding stormwater discharge.

Traffic Safety – Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.

Community Development Block Grant – Accounts for capital projects designated in the grant. Financing is provided by the County of Riverside's Department of Housing and Community Development, which is a U.S. Department of Housing and Urban Development grant recipient.

State Gas Tax – Accounts for street improvement and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes.

Air Quality Improvement – Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.

State Asset Forfeiture Program – Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.

Police Grant – Accounts for expenditures related to state and federal grants for the City's Police Department.

Police Donations – Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.

Fire Donations – Accounts for receipts collected that are restricted for expenditures related to the City's Fire Department projects.

Telecommunications Equipment – Accounts for receipts collected that are restricted for expenditures on telecommunications equipment.

(continued)

SPECIAL REVENUE FUNDS, (continued)

Landscape and Lighting District – Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance for certain districts formed within the City.

Measure A – Accounts for revenues provided by the County of Riverside Measure A. These funds are used for street improvements and engineering costs.

Special Deposits – Accounts for deposits held by the City for others. Such deposits include utility deposits, fringe-toed lizard fees, and Riverside County Superintendent of Schools.

Transfer Station Road – Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.

DEBT SERVICE FUNDS – Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt of the City and the Redevelopment Agency.

Redevelopment Agency Area 1 – Account for principal and interest payments on long-term debt of the City's Redevelopment Agency.

Redevelopment Agency Area 2 – Account for principal and interest payments on long-term debt of the City's Redevelopment Agency.

2002 D Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series D.

2002 E Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series E.

2004 Limited Obligation Bond A – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

CAPITAL PROJECTS FUNDS – Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

Redevelopment Agency Administration – Accounts for administrative costs related to the City's Redevelopment Agency.

Redevelopment Agency Area 1 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 1).

Redevelopment Agency Area 2 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 2).

(continued)

CAPITAL PROJECTS FUNDS, (continued)

Redevelopment Agency Area 3 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly Project Area 3).

2002 D Housing Bond – Accounts for financial resources to be used for development projects within the City.

2002 E Housing Bond – Accounts for financial resources to be used for development projects within the City.

2004 TAB A – Accounts for reimbursement to the Merged Project Area for development of a hotel/golf course, reimbursement to the general fund for soft costs, and for miscellaneous capital improvements.

2004 TAB B – Accounts for loans to the developer for the hotel/golf course development.

2005 TAB A MPA – Accounts for miscellaneous capital improvements in the Merged Project Area (MPA) and Area 3.

2005 TAB A PA3 – Accounts for miscellaneous capital improvements in Project Area 3 (PA3).

Police and Fire Facilities – Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developers' fees.

Traffic Signalization – Accounts for the installation of traffic signals. Financing is provided by developers' fees.

Assessment District 85-1 – Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-1 – Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-5 – Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 87-2 – Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-2 – Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-3 – Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 2001-01 – Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

CFD Rio Vista – Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.

(continued)

CAPITAL PROJECTS FUNDS, (continued)

Assessment District 03-01 – Accounts for improvements within Assessment District 03-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 04-01 – Accounts for improvements within Assessment District 04-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 04-02 – Accounts for improvements within Improvement District 04-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

2007 TAB A – Accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series A.

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City of Cathedral City
Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 17,307,876	6,737,956	36,522,587	60,568,419
Interest receivable	140,767	54,842	264,110	459,719
Accounts receivable	1,018,406	115,097	545,177	1,678,680
Loans receivable	1,463,506	-	6,296,806	7,760,312
Prepaid assets	300	-	120	420
Land held for resale	6,512,729	-	18,731,949	25,244,678
Restricted assets:				
Cash and investments with fiscal agent	-	1,984,614	26,957,697	28,942,311
Total assets	\$ 26,443,584	8,892,509	89,318,446	124,654,539
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 216,840	-	411,929	628,769
Accrued liabilities	302,520	-	103,292	405,812
Intergovernmental payable	14,368	-	-	14,368
Deposits from others	763,535	-	23,282	786,817
Due to other funds	712,320	-	-	712,320
Deferred revenue	731,952	-	529,358	1,261,310
Total liabilities	2,741,535	-	1,067,861	3,809,396
Fund balances:				
Reserved:				
Debt service	-	8,892,509	-	8,892,509
Land held for resale	6,512,729	-	18,731,949	25,244,678
Loans receivable	1,460,924	-	5,782,264	7,243,188
Prepaid assets	300	-	120	420
Unreserved	15,728,096	-	63,736,252	79,464,348
Total fund balances	23,702,049	8,892,509	88,250,585	120,845,143
Total liabilities and fund balances	\$ 26,443,584	8,892,509	89,318,446	124,654,539

City of Cathedral City

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Year ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 5,773,793	6,185,599	-	11,959,392
Intergovernmental	3,340,513	-	-	3,340,513
Fines and forfeitures	358,091	-	-	358,091
Charges for services	385,730	-	31,674	417,404
Special assessments	350,674	-	-	350,674
Revenues from use of money and property	826,827	294,945	2,999,197	4,120,969
Miscellaneous	444,722	-	312,359	757,081
Total revenues	11,480,350	6,480,544	3,343,230	21,304,124
Expenditures				
Current:				
General government	26,228	98,744	1,749	126,721
Community development	1,136,469	-	10,931,851	12,068,320
Public safety	819,408	-	105,412	924,820
Public works	1,560,034	-	-	1,560,034
Payments under pass-through agreements	-	379,185	-	379,185
Capital outlay	2,881,886	-	12,969,253	15,851,139
Loss on sale of land held for resale	-	-	3,170	3,170
Debt service:				
Principal	-	2,150,000	-	2,150,000
Interest	-	396,205	-	396,205
Total expenditures	6,424,025	3,024,134	24,011,435	33,459,594
Excess (deficiency) of revenues over (under) expenditures	5,056,325	3,456,410	(20,668,205)	(12,155,470)
Other financing sources (uses)				
Transfers in	1,644,718	5,210,372	1,843,790	8,698,880
Transfers out	(5,225,508)	(6,438,448)	(2,786,596)	(14,450,552)
Total other financing sources (uses)	(3,580,790)	(1,228,076)	(942,806)	(5,751,672)
Net change in fund balances	1,475,535	2,228,334	(21,611,011)	(17,907,142)
Fund balances, beginning	22,226,514	6,664,175	109,861,596	138,752,285
Fund balances, ending	\$ 23,702,049	8,892,509	88,250,585	120,845,143

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Low and Moderate Income Housing	Master Underground Plan	Developer Fees
Assets			
Cash and investments	\$ 8,492,979	1,706,184	545,882
Interest receivable	69,128	13,887	4,443
Accounts receivable	139,094	-	-
Loans receivable	1,463,506	-	-
Prepaid assets	300	-	-
Land held for resale	6,512,729	-	-
Total assets	<u>\$ 16,677,736</u>	<u>1,720,071</u>	<u>550,325</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 44,354	-	-
Accrued liabilities	-	-	-
Intergovernmental payable	-	-	-
Deposits from others	120	-	-
Due to other funds	-	-	-
Deferred revenue	3,517	-	550,325
Total liabilities	<u>47,991</u>	<u>-</u>	<u>550,325</u>
Fund balances:			
Reserved:			
Land held for resale	6,512,729	-	-
Loans receivable	1,460,924	-	-
Prepaid assets	300	-	-
Unreserved	8,655,792	1,720,071	-
Total fund balances (deficits)	<u>16,629,745</u>	<u>1,720,071</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 16,677,736</u>	<u>1,720,071</u>	<u>550,325</u>

(continued)



TDA SB821	NPDES Program	Traffic Safety
-	-	849,630
-	-	6,915
178,110	-	45,690
-	-	-
-	-	-
-	-	-
178,110	-	902,235
11	-	50
-	-	-
-	-	-
-	-	-
233,009	-	-
178,110	-	-
411,130	-	50
-	-	-
-	-	-
-	-	-
(233,020)	-	902,185
(233,020)	-	902,185
178,110	-	902,235

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances**Liabilities:**

Accounts payable
Accrued liabilities
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:**Reserved:**

Land held for resale
Loans receivable
Prepaid assets

Unreserved

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008 (continued)

	Community Development Block Grant	State Gas Tax	Air Quality Improvement
Assets			
Cash and investments	\$ 50,370	882,423	344,832
Interest receivable	410	7,182	2,806
Accounts receivable	-	310,155	16,200
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 50,780</u>	<u>1,199,760</u>	<u>363,838</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	25,311	1,430
Accrued liabilities	-	-	-
Intergovernmental payable	-	-	14,368
Deposits from others	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>25,311</u>	<u>15,798</u>
Fund balances:			
Reserved:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Unreserved	<u>50,780</u>	<u>1,174,449</u>	<u>348,040</u>
Total fund balances (deficits)	<u>50,780</u>	<u>1,174,449</u>	<u>348,040</u>
Total liabilities and fund balances	<u>\$ 50,780</u>	<u>1,199,760</u>	<u>363,838</u>

(continued)



State Asset Forfeiture Program	Police Grant	Police Donations
62,509	339,135	702,721
509	2,760	5,720
-	8,207	14,329
-	-	-
-	-	-
-	-	-
<u>63,018</u>	<u>350,102</u>	<u>722,770</u>
-	279	2,369
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>279</u>	<u>2,369</u>
-	-	-
-	-	-
-	-	-
<u>63,018</u>	<u>349,823</u>	<u>720,401</u>
<u>63,018</u>	<u>349,823</u>	<u>720,401</u>
<u>63,018</u>	<u>350,102</u>	<u>722,770</u>

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable
Accrued liabilities
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:

Reserved:
Land held for resale
Loans receivable
Prepaid assets
Unreserved

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008 (continued)

	Fire Donations	Telecom- munications Equipment	Landscape and Lighting District
Assets			
Cash and investments	\$ 590,258	-	83,144
Interest receivable	4,804	-	-
Accounts receivable	-	-	11,035
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 595,062</u>	<u>-</u>	<u>94,179</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 15,668	-	10,329
Accrued liabilities	-	-	-
Intergovernmental payable	-	-	-
Deposits from others	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>15,668</u>	<u>-</u>	<u>10,329</u>
Fund balances:			
Reserved:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Unreserved	<u>579,394</u>	<u>-</u>	<u>83,850</u>
Total fund balances (deficits)	<u>579,394</u>	<u>-</u>	<u>83,850</u>
Total liabilities and fund balances	<u>\$ 595,062</u>	<u>-</u>	<u>94,179</u>

(continued)



Measure A	Special Deposits	Transfer Station Road
1,795,209	862,600	-
14,612	7,591	-
238,868	-	56,718
-	-	-
-	-	-
-	-	-
<u>2,048,689</u>	<u>870,191</u>	<u>56,718</u>
88,302	27,580	1,157
302,520	-	-
-	-	-
-	763,415	-
-	-	479,311
-	-	-
<u>390,822</u>	<u>790,995</u>	<u>480,468</u>
-	-	-
-	-	-
-	-	-
<u>1,657,867</u>	<u>79,196</u>	<u>(423,750)</u>
<u>1,657,867</u>	<u>79,196</u>	<u>(423,750)</u>
<u>2,048,689</u>	<u>870,191</u>	<u>56,718</u>

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable
Accrued liabilities
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:

Reserved:

Land held for resale
Loans receivable
Prepaid assets

Unreserved

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008 (continued)

	<u>Total</u>
Assets	
Cash and investments	\$ 17,307,876
Interest receivable	140,767
Accounts receivable	1,018,406
Loans receivable	1,463,506
Prepaid assets	300
Land held for resale	<u>6,512,729</u>
Total assets	<u><u>\$ 26,443,584</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 216,840
Accrued liabilities	302,520
Intergovernmental payable	14,368
Deposits from others	763,535
Due to other funds	712,320
Deferred revenue	<u>731,952</u>
Total liabilities	<u>2,741,535</u>
Fund balances:	
Reserved:	
Land held for resale	6,512,729
Loans receivable	1,460,924
Prepaid assets	300
Unreserved	<u>15,728,096</u>
Total fund balances (deficits)	<u>23,702,049</u>
Total liabilities and fund balances	<u><u>\$ 26,443,584</u></u>

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City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2008

	Low and Moderate Income Housing	Master Underground Plan	Developer Fees
Revenues			
Taxes	\$ 5,773,793	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	24,443	-
Special assessments	-	-	-
Revenues from use of money and property	417,181	79,976	-
Miscellaneous	124,826	-	-
Total revenues	6,315,800	104,419	-
Expenditures			
Current:			
General government	-	-	-
Community development	718,982	-	-
Public safety	-	-	-
Public works	-	-	-
Capital outlay	458,343	37,625	-
Total expenditures	1,177,325	37,625	-
Excess (deficiency) of revenues over (under) expenditures	5,138,475	66,794	-
Other financing sources (uses)			
Transfers in	1,449,250	-	-
Transfers out	(4,047,984)	-	-
Total other financing sources (uses)	(2,598,734)	-	-
Net change in fund balances	2,539,741	66,794	-
Fund balances (deficits), beginning	14,090,004	1,653,277	-
Fund balances (deficits), ending	\$ 16,629,745	1,720,071	-

(continued)



TDA SB821	NPDES Program	Traffic Safety
-	-	-
-	16,545	-
-	-	358,091
-	-	-
-	-	-
-	-	38,354
245	-	-
245	16,545	396,445
7,839	16,545	-
458	-	-
-	-	67,877
-	-	-
193,723	-	211,236
202,020	16,545	279,113
(201,775)	-	117,332
-	10,150	-
-	-	(55,304)
-	10,150	(55,304)
(201,775)	10,150	62,028
(31,245)	(10,150)	840,157
(233,020)	-	902,185

Revenues

Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Revenues from use of money and property
 Miscellaneous
 Total revenues

Expenditures

Current:
 General government
 Community development
 Public safety
 Public works
 Capital outlay
 Total expenditures

Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2008 (continued)

	Community Development Block Grant	State Gas Tax	Air Quality Improvement
Revenues			
Taxes	\$ -	-	-
Intergovernmental	301,881	1,022,559	84,334
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Special assessments	-	-	-
Revenues from use of money and property	1,841	49,548	16,692
Miscellaneous	-	-	-
Total revenues	<u>303,722</u>	<u>1,072,107</u>	<u>101,026</u>
Expenditures			
Current:			
General government	2,832	-	-
Community development	-	-	-
Public safety	-	-	30,792
Public works	-	716,162	-
Capital outlay	-	100,410	-
Total expenditures	<u>2,832</u>	<u>816,572</u>	<u>30,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>300,890</u>	<u>255,535</u>	<u>70,234</u>
Other financing sources (uses)			
Transfers in	-	10,506	-
Transfers out	<u>(301,881)</u>	<u>(307,542)</u>	<u>(22,888)</u>
Total other financing sources (uses)	<u>(301,881)</u>	<u>(297,036)</u>	<u>(22,888)</u>
Net change in fund balances	(991)	(41,501)	47,346
Fund balances (deficits), beginning	<u>51,771</u>	<u>1,215,950</u>	<u>300,694</u>
Fund balances (deficits), ending	<u>\$ 50,780</u>	<u>1,174,449</u>	<u>348,040</u>

(continued)



State Asset Forfeiture Program	Police Grant	Police Donations
-	-	-
-	449,106	-
-	-	-
-	-	-
-	-	-
2,893	23,915	29,585
-	5,000	242,294
<u>2,893</u>	<u>478,021</u>	<u>271,879</u>
-	-	-
-	-	-
-	360,462	131,893
-	-	-
-	110,686	-
<u>-</u>	<u>471,148</u>	<u>131,893</u>
<u>2,893</u>	<u>6,873</u>	<u>139,986</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
2,893	6,873	139,986
60,125	342,950	580,415
<u>63,018</u>	<u>349,823</u>	<u>720,401</u>

Revenues

Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Revenues from use of money and property
 Miscellaneous
 Total revenues

Expenditures

Current:
 General government
 Community development
 Public safety
 Public works
 Capital outlay
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2008 (continued)

	Fire Donations	Telecom- munications Equipment	Landscape and Lighting District
Revenues			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Special assessments	-	-	350,674
Revenues from use of money and property	31,953	-	(342)
Miscellaneous	70,238	-	-
Total revenues	102,191	-	350,332
Expenditures			
Current:			
General government	-	(2,179)	1,191
Community development	-	-	256,798
Public safety	228,384	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	228,384	(2,179)	257,989
Excess (deficiency) of revenues over (under) expenditures	(126,193)	2,179	92,343
Other financing sources (uses)			
Transfers in	-	-	164,306
Transfers out	-	-	(255,080)
Total other financing sources (uses)	-	-	(90,774)
Net change in fund balances	(126,193)	2,179	1,569
Fund balances (deficits), beginning	705,587	(2,179)	82,281
Fund balances (deficits), ending	\$ 579,394	-	83,850

(continued)



Measure A	Special Deposits	Transfer Station Road
-	-	-
1,466,088	-	-
-	-	-
-	-	361,287
-	-	-
98,010	37,221	-
2,119	-	-
<u>1,566,217</u>	<u>37,221</u>	<u>361,287</u>
-	-	-
160,231	-	-
-	-	-
815,518	-	28,354
<u>1,358,063</u>	<u>-</u>	<u>411,800</u>
<u>2,333,812</u>	<u>-</u>	<u>440,154</u>
<u>(767,595)</u>	<u>37,221</u>	<u>(78,867)</u>
10,506	-	-
<u>(234,829)</u>	<u>-</u>	<u>-</u>
<u>(224,323)</u>	<u>-</u>	<u>-</u>
(991,918)	37,221	(78,867)
<u>2,649,785</u>	<u>41,975</u>	<u>(344,883)</u>
<u><u>1,657,867</u></u>	<u><u>79,196</u></u>	<u><u>(423,750)</u></u>

Revenues

Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Revenues from use of money and property
 Miscellaneous
 Total revenues

Expenditures

Current:
 General government
 Community development
 Public safety
 Public works
 Capital outlay
 Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2008 (continued)

	<u>Total</u>
Revenues	
Taxes	\$ 5,773,793
Intergovernmental	3,340,513
Fines and forfeitures	358,091
Charges for services	385,730
Special assessments	350,674
Revenues from use of money and property	826,827
Miscellaneous	<u>444,722</u>
Total revenues	<u>11,480,350</u>
Expenditures	
Current:	
General government	26,228
Community development	1,136,469
Public safety	819,408
Public works	1,560,034
Capital outlay	<u>2,881,886</u>
Total expenditures	<u>6,424,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,056,325</u>
Other financing sources (uses)	
Transfers in	1,644,718
Transfers out	<u>(5,225,508)</u>
Total other financing sources (uses)	<u>(3,580,790)</u>
Net change in fund balances	1,475,535
Fund balances (deficits), beginning	<u>22,226,514</u>
Fund balances (deficits), ending	<u><u>\$ 23,702,049</u></u>

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City of Cathedral City
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2008

	Redevelopment Agency Area 1	Redevelopment Agency Area 2	2002 D Housing Bonds
Assets			
Cash and investments	\$ 1,275,888	5,461,011	125
Interest receivable	10,385	44,449	1
Accounts receivable	48,341	66,756	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	771
Total assets	<u>\$ 1,334,614</u>	<u>5,572,216</u>	<u>897</u>
Fund Balances			
Fund balances:			
Reserved:			
Debt service	<u>\$ 1,334,614</u>	<u>5,572,216</u>	<u>897</u>
Total fund balances	<u>\$ 1,334,614</u>	<u>5,572,216</u>	<u>897</u>



2002 E Housing Bonds	2004 Limited Obligation Bond A	Total
932	-	6,737,956
7	-	54,842
-	-	115,097
513	1,983,330	1,984,614
1,452	1,983,330	8,892,509
1,452	1,983,330	8,892,509

Assets
Cash and investments
Interest receivable
Accounts receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Fund Balances
Fund balances:
Reserved:
Debt service
Total fund balances

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended June 30, 2008

	Redevelopment Agency Area 1	Redevelopment Agency Area 2	2002 D Housing Bonds
Revenues			
Taxes	\$ 1,420,242	4,765,357	-
Revenues from use of money and property	59,105	160,134	1,454
Total revenues	1,479,347	4,925,491	1,454
Expenditures			
General government	15,295	74,249	5,646
Payments under pass-through agreements	94,417	284,768	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	109,712	359,017	5,646
Excess (deficiency) of revenues over (under) expenditures	1,369,635	4,566,474	(4,192)
Other financing sources (uses)			
Transfers in	-	-	1,431,089
Transfers out	(1,021,015)	(2,957,282)	(1,426,656)
Total other financing sources (uses)	(1,021,015)	(2,957,282)	4,433
Net change in fund balances	348,620	1,609,192	241
Fund balances, beginning	985,994	3,963,024	656
Fund balances, ending	\$ 1,334,614	5,572,216	897



2002 E Housing Bonds	2004 Limited Obligation Bond A	Total
-	-	6,185,599
1,076	73,176	294,945
1,076	73,176	6,480,544
3,554	-	98,744
-	-	379,185
-	2,150,000	2,150,000
-	396,205	396,205
3,554	2,546,205	3,024,134
(2,478)	(2,473,029)	3,456,410
1,036,119	2,743,164	5,210,372
(1,033,495)	-	(6,438,448)
2,624	2,743,164	(1,228,076)
146	270,135	2,228,334
1,306	1,713,195	6,664,175
1,452	1,983,330	8,892,509

Revenues

Taxes
Revenues from use of money and property
Total revenues

Expenditures

General government
Payments under pass-through agreements
Debt service:
Principal
Interest
Total expenditures

Excess (deficiency) of revenues over
(under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Total other financing sources (uses)
Net change in fund balances

Fund balances, beginning

Fund balances, ending

**City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008**

	Redevelopment Agency Administration	Redevelopment Agency Area 1	Redevelopment Agency Area 2
Assets			
Cash and investments	\$ 493,898	1,543,813	998,043
Interest receivable	4,020	12,566	8,124
Accounts receivable	543,667	-	-
Loans receivable	-	-	-
Prepaid assets	120	-	-
Land held for resale	230,807	1,378,622	3,420,803
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 1,272,512</u>	<u>2,935,001</u>	<u>4,426,970</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 221,324	26,916	34,379
Accrued liabilities	-	-	-
Deposits from others	23,282	-	-
Deferred revenue	14,816	-	-
Total liabilities	<u>259,422</u>	<u>26,916</u>	<u>34,379</u>
Fund balances:			
Reserved:			
Land held for resale	230,807	1,378,622	3,420,803
Loans receivable	-	-	-
Prepaid assets	120	-	-
Unreserved	782,163	1,529,463	971,788
Total fund balances	<u>1,013,090</u>	<u>2,908,085</u>	<u>4,392,591</u>
Total liabilities and fund balances	<u>\$ 1,272,512</u>	<u>2,935,001</u>	<u>4,426,970</u>

(continued)



Redevelopment Agency Area 3	2002 D Housing Bond	2002 E Housing Bond	
2,962,681	7,012,764	4,419,574	Assets
24,115	57,080	35,973	Cash and investments
1,510	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	6,296,806	Loans receivable
3,047,989	1,402,447	-	Prepaid assets
-	-	4,824,127	Land held for resale
-	-	-	Restricted assets:
6,036,295	8,472,291	15,576,480	Cash and investments with fiscal agent
			Total assets
			Liabilities and Fund Balances
-	30,500	-	Liabilities:
-	-	-	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deposits from others
-	-	514,542	Deferred revenue
-	30,500	514,542	Total liabilities
			Fund balances:
3,047,989	1,402,447	4,824,127	Reserved:
-	-	5,782,264	Land held for resale
-	-	-	Loans receivable
2,988,306	7,039,344	4,455,547	Prepaid assets
6,036,295	8,441,791	15,061,938	Unreserved
6,036,295	8,472,291	15,576,480	Total fund balances
			Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008 (continued)

	2004 TAB A	2004 TAB B	2005 TAB A MPA
Assets			
Cash and investments	\$ 2,387,101	9,387,733	1,788,251
Interest receivable	19,430	76,410	14,555
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	427,154
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 2,406,531</u>	<u>9,464,143</u>	<u>2,229,960</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued liabilities	-	-	-
Deposits from others	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved:			
Land held for resale	-	-	427,154
Loans receivable	-	-	-
Prepaid assets	-	-	-
Unreserved	<u>2,406,531</u>	<u>9,464,143</u>	<u>1,802,806</u>
Total fund balances	<u>2,406,531</u>	<u>9,464,143</u>	<u>2,229,960</u>
Total liabilities and fund balances	<u>\$ 2,406,531</u>	<u>9,464,143</u>	<u>2,229,960</u>

(continued)



2005 TAB A PA3	Police and Fire Facilities	Traffic Signalization	
835,340	2,129	285,165	Assets
6,799	18	2,344	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	-	Land held for resale
-	-	-	Restricted assets:
-	-	-	Cash and investments with fiscal agent
842,139	2,147	287,509	Total assets
-	-	47,396	Liabilities and Fund Balances
-	-	-	Liabilities:
-	-	-	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deposits from others
-	-	-	Deferred revenue
-	-	47,396	Total liabilities
-	-	-	Fund balances:
-	-	-	Reserved:
-	-	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
842,139	2,147	240,113	Unreserved
842,139	2,147	240,113	Total fund balances
842,139	2,147	287,509	Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008 (continued)

	Assessment District 85-1	Assessment District 86-1	Assessment District 86-5
Assets			
Cash and investments	\$ 1,892	374,057	97,994
Interest receivable	-	-	-
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 1,892</u>	<u>374,057</u>	<u>97,994</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	24,649	-
Accrued liabilities	-	-	-
Deposits from others	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>24,649</u>	<u>-</u>
Fund balances:			
Reserved:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Unreserved	<u>1,892</u>	<u>349,408</u>	<u>97,994</u>
Total fund balances	<u>1,892</u>	<u>349,408</u>	<u>97,994</u>
Total liabilities and fund balances	<u>\$ 1,892</u>	<u>374,057</u>	<u>97,994</u>

(continued)



Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
2,576	65,788	44,000	Assets
-	-	-	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	-	Land held for resale
-	-	-	Restricted assets:
-	-	-	Cash and investments with fiscal agent
2,576	65,788	44,000	Total assets
			Liabilities and Fund Balances
1,275	-	-	Liabilities:
-	-	-	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deposits from others
-	-	-	Deferred revenue
1,275	-	-	Total liabilities
			Fund balances:
-	-	-	Reserved:
-	-	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
1,301	65,788	44,000	Unreserved
1,301	65,788	44,000	Total fund balances
2,576	65,788	44,000	Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008 (continued)

	Assessment District 2001-01	CFD Rio Vista	Assessment District 03-01
Assets			
Cash and investments	\$ 248,120	-	560,460
Interest receivable	-	-	-
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agent	99,172	108,207	747,739
Total assets	<u>\$ 347,292</u>	<u>108,207</u>	<u>1,308,199</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued liabilities	-	-	-
Deposits from others	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Unreserved	347,292	108,207	1,308,199
Total fund balances	<u>347,292</u>	<u>108,207</u>	<u>1,308,199</u>
Total liabilities and fund balances	<u>\$ 347,292</u>	<u>108,207</u>	<u>1,308,199</u>

(continued)



Assessment District 04-01	Assessment District 04-02	2007 TAB A	
667,961	2,014,428	328,819	Assets
-	-	2,676	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	4,000,000	Land held for resale
-	-	-	Restricted assets:
-	11,261,816	14,740,763	Cash and investments with fiscal agent
667,961	13,276,244	19,072,258	Total assets
			Liabilities and Fund Balances
-	18,806	6,684	Liabilities:
103,292	-	-	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deposits from others
-	-	-	Deferred revenue
103,292	18,806	6,684	Total liabilities
			Fund balances:
-	-	4,000,000	Reserved:
-	-	-	Land held for resale
-	-	-	Loans receivable
564,669	13,257,438	15,065,574	Prepaid assets
564,669	13,257,438	19,065,574	Unreserved
667,961	13,276,244	19,072,258	Total fund balances
			Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008 (continued)

	<u>Total</u>
Assets	
Cash and investments	\$ 36,522,587
Interest receivable	264,110
Accounts receivable	545,177
Loans receivable	6,296,806
Prepaid assets	120
Land held for resale	18,731,949
Restricted assets:	
Cash and investments with fiscal agent	<u>26,957,697</u>
Total assets	<u><u>\$ 89,318,446</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 411,929
Accrued liabilities	103,292
Deposits from others	23,282
Deferred revenue	<u>529,358</u>
Total liabilities	<u>1,067,861</u>
Fund balances:	
Reserved:	
Land held for resale	18,731,949
Loans receivable	5,782,264
Prepaid assets	120
Unreserved	<u>63,736,252</u>
Total fund balances	<u>88,250,585</u>
Total liabilities and fund balances	<u><u>\$ 89,318,446</u></u>

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City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2008

	Redevelopment Agency Administration	Redevelopment Agency Area 1	Redevelopment Agency Area 2
Revenues			
Charges for services	\$ 3,924	-	-
Revenues from use of money and property	350,905	92,180	48,987
Miscellaneous	15,314	-	-
Total revenues	370,143	92,180	48,987
Expenditures			
General government	-	-	-
Community development	3,252,089	4,117,925	1,223,867
Public safety	105,412	-	-
Capital outlay	148,955	430,804	160,030
Loss on sale of land held for resale	-	-	-
Total expenditures	3,506,456	4,548,729	1,383,897
Excess (deficiency) of revenues over (under) expenditures	(3,136,313)	(4,456,549)	(1,334,910)
Other financing sources (uses)			
Transfers in	1,290,401	-	-
Transfers out	(975,000)	(48,119)	-
Total other financing sources (uses)	315,401	(48,119)	-
Net change in fund balances	(2,820,912)	(4,504,668)	(1,334,910)
Fund balances, beginning	3,834,002	7,412,753	5,727,501
Fund balances, ending	\$ 1,013,090	2,908,085	4,392,591

(continued)



Redevelopment Agency Area 3	2002 D Housing Bond	2002 E Housing Bond	
-	-	-	Revenues
150,609	320,125	(164,769)	Charges for services
-	-	-	Revenues from use of money and property
150,609	320,125	(164,769)	Miscellaneous
			Total revenues
-	-	-	Expenditures
1,632,447	114,303	8,150	General government
-	-	-	Community development
124,228	33,758	1,372	Public safety
-	-	3,170	Capital outlay
1,756,675	148,061	12,692	Loss on sale of land held for resale
			Total expenditures
(1,606,066)	172,064	(177,461)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	(1,099,250)	-	Transfers in
-	(1,099,250)	-	Transfers out
(1,606,066)	(927,186)	(177,461)	Total other financing sources (uses)
7,642,361	9,368,977	15,239,399	Net change in fund balances
6,036,295	8,441,791	15,061,938	Fund balances, beginning
			Fund balances, ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2008 (continued)

	2004 TAB A	2004 TAB B	2005 TAB A MPA
Revenues			
Charges for services	\$ -	-	-
Revenues from use of money and property	122,402	446,682	82,764
Miscellaneous	-	-	-
Total revenues	<u>122,402</u>	<u>446,682</u>	<u>82,764</u>
Expenditures			
General government	-	-	-
Community development	5,218	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Loss on sale of land held for resale	-	-	-
Total expenditures	<u>5,218</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,184</u>	<u>446,682</u>	<u>82,764</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(550,000)	-	-
Total other financing sources (uses)	<u>(550,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(432,816)	446,682	82,764
Fund balances, beginning	<u>2,839,347</u>	<u>9,017,461</u>	<u>2,147,196</u>
Fund balances, ending	<u>\$ 2,406,531</u>	<u>9,464,143</u>	<u>2,229,960</u>

(continued)



2005 TAB A PA3	Police and Fire Facilities	Traffic Signalization	
-	18,500	9,250	Revenues
38,661	(103)	14,136	Charges for services
-	-	26,250	Revenues from use of money and property
38,661	18,397	49,636	Miscellaneous
			Total revenues
-	1,749	-	Expenditures
-	-	10,580	General government
-	-	-	Community development
-	-	97,971	Public safety
-	-	-	Capital outlay
-	-	-	Loss on sale of land held for resale
-	1,749	108,551	Total expenditures
38,661	16,648	(58,915)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	(35,000)	-	Transfers in
-	(35,000)	-	Transfers out
-	(35,000)	-	Total other financing sources (uses)
38,661	(18,352)	(58,915)	Net change in fund balances
803,478	20,499	299,028	Fund balances, beginning
842,139	2,147	240,113	Fund balances, ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2008 (continued)

	Assessment District 85-1	Assessment District 86-1	Assessment District 86-5
Revenues			
Charges for services	\$ -	-	-
Revenues from use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
Expenditures			
General government	-	-	-
Community development	-	-	-
Public safety	-	-	-
Capital outlay	-	185,935	-
Loss on sale of land held for resale	-	-	-
Total expenditures	-	185,935	-
Excess (deficiency) of revenues over (under) expenditures	-	(185,935)	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(185,935)	-
Fund balances, beginning	1,892	535,343	97,994
Fund balances, ending	<u>\$ 1,892</u>	<u>349,408</u>	<u>97,994</u>

(continued)



Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
-	-	-	Revenues
-	-	-	Charges for services
-	-	-	Revenues from use of money and property
-	-	-	Miscellaneous
-	-	-	Total revenues
-	-	-	Expenditures
-	-	-	General government
-	-	-	Community development
-	-	-	Public safety
7,570	33,863	140,497	Capital outlay
-	-	-	Loss on sale of land held for resale
7,570	33,863	140,497	Total expenditures
(7,570)	(33,863)	(140,497)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Total other financing sources (uses)
(7,570)	(33,863)	(140,497)	Net change in fund balances
8,871	99,651	184,497	Fund balances, beginning
1,301	65,788	44,000	Fund balances, ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2008 (continued)

	Assessment District 2001-01	CFD Rio Vista	Assessment District 03-01
Revenues			
Charges for services	\$ -	-	-
Revenues from use of money and property	3,368	-	22,658
Miscellaneous	248,120	-	-
Total revenues	251,488	-	22,658
Expenditures			
General government	-	-	-
Community development	-	-	-
Public safety	-	-	-
Capital outlay	-	773,897	3,888
Loss on sale of land held for resale	-	-	-
Total expenditures	-	773,897	3,888
Excess (deficiency) of revenues over (under) expenditures	251,488	(773,897)	18,770
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	251,488	(773,897)	18,770
Fund balances, beginning	95,804	882,104	1,289,429
Fund balances, ending	\$ 347,292	108,207	1,308,199

(continued)



Assessment District 04-01	Assessment District 04-02	2007 TAB A	
-	-	-	Revenues
57,696	803,503	609,393	Charges for services
-	22,675	-	Revenues from use of money and property
57,696	826,178	609,393	Miscellaneous
			Total revenues
-	-	-	Expenditures
-	46,790	520,482	General government
-	-	-	Community development
2,699,571	7,990,679	136,235	Public safety
-	-	-	Capital outlay
2,699,571	8,037,469	656,717	Loss on sale of land held for resale
			Total expenditures
(2,641,875)	(7,211,291)	(47,324)	Excess (deficiency) of revenues over (under) expenditures
-	550,000	3,389	Other financing sources (uses)
-	-	(79,227)	Transfers in
-	550,000	(75,838)	Transfers out
(2,641,875)	(6,661,291)	(123,162)	Total other financing sources (uses)
3,206,544	19,918,729	19,188,736	Net change in fund balances
564,669	13,257,438	19,065,574	Fund balances, beginning
			Fund balances, ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2008 (continued)

	<u>Total</u>
Revenues	
Charges for services	\$ 31,674
Revenues from use of money and property	2,999,197
Miscellaneous	<u>312,359</u>
Total revenues	<u>3,343,230</u>
Expenditures	
General government	1,749
Community development	10,931,851
Public safety	105,412
Capital outlay	12,969,253
Loss on sale of land held for resale	<u>3,170</u>
Total expenditures	<u>24,011,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,668,205)</u>
Other financing sources (uses)	
Transfers in	1,843,790
Transfers out	<u>(2,786,596)</u>
Total other financing sources (uses)	<u>(942,806)</u>
Net change in fund balances	(21,611,011)
Fund balances, beginning	<u>109,861,596</u>
Fund balances, ending	<u><u>\$ 88,250,585</u></u>

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City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2008

	Low and Moderate Income Housing		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ -	5,773,793	5,773,793
Intergovernmental	4,755,000	-	(4,755,000)
Revenues from use of money and property	170,000	417,181	247,181
Miscellaneous	-	124,826	124,826
Total revenues	4,925,000	6,315,800	1,390,800
Expenditures			
Current:			
Community development	833,075	718,982	(114,093)
Public works	-	-	-
Capital outlay	5,000	458,343	453,343
Total expenditures	838,075	1,177,325	339,250
Excess (deficiency) of revenues over (under) expenditures	4,086,925	5,138,475	1,051,550
Other financing sources (uses)			
Transfers in	-	1,449,250	1,449,250
Transfers out	(3,109,238)	(4,047,984)	(938,746)
Total other financing sources (uses)	(3,109,238)	(2,598,734)	510,504
Net change in fund balances	977,687	2,539,741	1,562,054
Fund balances, beginning	14,090,004	14,090,004	-
Fund balances, ending	\$ 15,067,691	16,629,745	1,562,054

(continued)



State Gas Tax		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
950,000	-	(950,000)
-	1,022,559	1,022,559
25,000	49,548	24,548
-	-	-
975,000	1,072,107	97,107
-	-	-
824,378	716,162	(108,216)
-	100,410	100,410
824,378	816,572	(7,806)
150,622	255,535	104,913
-	10,506	10,506
(274,937)	(307,542)	(32,605)
(274,937)	(297,036)	(22,099)
(124,315)	(41,501)	82,814
1,215,950	1,215,950	-
1,091,635	1,174,449	82,814

Revenues
Taxes
Intergovernmental
Revenues from use of money and property
Miscellaneous
Total revenues
Expenditures
Current:
Community development
Public works
Capital outlay
Total expenditures
Excess (deficiency) of revenues over (under) expenditures
Other financing sources (uses)
Transfers in
Transfers out
Total other financing sources (uses)
Net change in fund balances
Fund balances, beginning
Fund balances, ending

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2008 (continued)

	Air Quality Improvement		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ 35,000	84,334	49,334
Revenues from use of money and property	-	16,692	16,692
Miscellaneous	-	-	-
Total revenues	35,000	101,026	66,026
Expenditures			
Current:			
Public safety	-	30,792	30,792
Public works	25,000	-	(25,000)
Capital outlay	100,000	-	(100,000)
Total expenditures	125,000	30,792	(94,208)
Excess (deficiency) of revenues over (under) expenditures	(90,000)	70,234	160,234
Other financing sources (uses)			
Transfers out	-	(22,888)	(22,888)
Total other financing sources (uses)	-	(22,888)	(22,888)
Net change in fund balances	(90,000)	47,346	137,346
Fund balances, beginning	300,694	300,694	-
Fund balances, ending	\$ 210,694	348,040	137,346

(continued)



Police Donations		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
-	-	-
10,000	29,585	19,585
150,000	242,294	92,294
160,000	271,879	111,879
154,000	131,893	(22,107)
-	-	-
-	-	-
154,000	131,893	(22,107)
6,000	139,986	133,986
-	-	-
-	-	-
6,000	139,986	133,986
580,415	580,415	-
586,415	720,401	133,986

Revenues
Intergovernmental
Revenues from use of money and property
Miscellaneous
Total revenues
Expenditures
Current:
Public safety
Public works
Capital outlay
Total expenditures
Excess (deficiency) of revenues over (under) expenditures
Other financing sources (uses)
Transfers out
Total other financing sources (uses)
Net change in fund balances
Fund balances, beginning
Fund balances, ending

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2008 (continued)

	Fire Donations		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ -	-	-
Revenues from use of money and property	5,000	31,953	26,953
Miscellaneous	70,000	70,238	238
Total revenues	75,000	102,191	27,191
Expenditures			
Current:			
Community development	-	-	-
Public safety	88,500	228,384	139,884
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	88,500	228,384	139,884
Excess (deficiency) of revenues over (under) expenditures	(13,500)	(126,193)	(112,693)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(13,500)	(126,193)	(112,693)
Fund balances, beginning	705,587	705,587	-
Fund balances, ending	\$ 692,087	579,394	(112,693)



Measure A		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
1,700,000	1,466,088	(233,912)
70,000	98,010	28,010
-	2,119	2,119
1,770,000	1,566,217	(203,783)
-	160,231	160,231
-	-	-
1,024,878	815,518	(209,360)
-	1,358,063	1,358,063
1,024,878	2,333,812	1,308,934
745,122	(767,595)	(1,512,717)
-	10,506	10,506
(275,000)	(234,829)	40,171
(275,000)	(224,323)	50,677
470,122	(991,918)	(1,462,040)
2,649,785	2,649,785	-
3,119,907	1,657,867	(1,462,040)

Revenues

Intergovernmental
Revenues from use of money and property
Miscellaneous
Total revenues

Expenditures

Current:
Community development
Public safety
Public works
Capital outlay
Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Total other financing sources (uses)
Net change in fund balances

Fund balances, beginning

Fund balances, ending

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Fountain of Life (Cathedral City Civic Center)



Internal Service Funds



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INTERNAL SERVICE FUNDS – Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

Equipment Replacement – Accounts for costs of maintaining and providing for replacement of the City's vehicles and equipment.

Insurance – Accounts for costs related to the City's various insurance coverages. Insurance costs, liability claims and other administrative costs are reported in this fund. Financing is provided by operating transfers from other funds or usage charges to those funds and departments of the City.

City of Cathedral City
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Equipment Replacement	Insurance	Total
Assets			
Current assets:			
Cash and investments	\$ 943,943	6,741,658	7,685,601
Interest receivable	7,683	54,873	62,556
Accounts receivable	-	9,064	9,064
Prepaid assets	444,780	690,242	1,135,022
Inventories	26,565	-	26,565
Total current assets	1,422,971	7,495,837	8,918,808
Capital assets:			
Vehicles	7,805,205	-	7,805,205
Accumulated depreciation	(3,928,069)	-	(3,928,069)
Total capital assets (net of accumulated depreciation)	3,877,136	-	3,877,136
Total assets	\$ 5,300,107	7,495,837	12,795,944
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,546	215,446	219,992
Claims payable	-	500,000	500,000
Insurance payable	-	250,000	250,000
Total current liabilities	4,546	965,446	969,992
Noncurrent liabilities:			
Claims payable	-	726,729	726,729
Total noncurrent liabilities	-	726,729	726,729
Total liabilities	4,546	1,692,175	1,696,721
Net assets:			
Invested in capital assets, net of related debt	3,877,136	-	3,877,136
Unrestricted	1,418,425	5,803,662	7,222,087
Total net assets	5,295,561	5,803,662	11,099,223
Total liabilities and net assets	\$ 5,300,107	7,495,837	12,795,944

City of Cathedral City
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year ended June 30, 2008

	Equipment Replacement	Insurance	Total
Operating revenues			
Charges for services	\$ 396,977	4,471,613	4,868,590
Miscellaneous	6,021	-	6,021
Total operating revenues	402,998	4,471,613	4,874,611
Operating expenses			
Insurance claims and expenses	-	4,851,345	4,851,345
Minor equipment	226,441	-	226,441
Depreciation	810,238	-	810,238
Other expenses	-	54,323	54,323
Total expenses	1,036,679	4,905,668	5,942,347
Operating loss	(633,681)	(434,055)	(1,067,736)
Nonoperating revenues (expenses)			
Interest and investment income	68,645	293,413	362,058
Interest expense	(3,080)	-	(3,080)
Insurance recovery	-	653,740	653,740
Gain on sale of capital assets	25,233	-	25,233
Total nonoperating revenues (expenses)	90,798	947,153	1,037,951
Income (loss) before transfers	(542,883)	513,098	(29,785)
Transfers			
Transfers in	88,098	1,751,156	1,839,254
Total transfers	88,098	1,751,156	1,839,254
Change in net assets	(454,785)	2,264,254	1,809,469
Net assets, beginning	5,750,346	3,539,408	9,289,754
Net assets, ending	\$ 5,295,561	5,803,662	11,099,223

City of Cathedral City
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2008

	Equipment Replacement	Insurance	Total
Cash flows from operating activities			
Receipts from customers and user departments	\$ 674,655	4,506,634	5,181,289
Payments to suppliers for goods and services	(512,672)	(6,586,208)	(7,098,880)
Other receipts (payments)	(438,759)	127,925	(310,834)
Net cash used in operating activities	(276,776)	(1,951,649)	(2,228,425)
Cash flows from noncapital financing activities			
Transfers from other funds	88,098	1,751,156	1,839,254
Net cash provided by noncapital financing activities	88,098	1,751,156	1,839,254
Cash flows from capital and related financing activities			
Purchase of capital assets	(764,809)	-	(764,809)
Principal paid on capital debt	(75,229)	-	(75,229)
Interest paid on capital debt	(3,080)	-	(3,080)
Insurance recovery proceeds	-	653,740	653,740
Proceeds from sale of capital assets	39,300	-	39,300
Net cash provided by (used in) capital and related financing activities	(803,818)	653,740	(150,078)
Cash flows from investing activities			
Interest received on investments	66,354	304,174	370,528
Net cash provided by investing activities	66,354	304,174	370,528
Net increase (decrease) in cash and cash equivalents	(926,142)	757,421	(168,721)
Cash and cash equivalents at beginning of year	1,870,085	5,984,237	7,854,322
Cash and cash equivalents at end of year	<u>\$ 943,943</u>	<u>6,741,658</u>	<u>7,685,601</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (633,681)	(434,055)	(1,067,736)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	810,238	-	810,238
(Increase) decrease in accounts receivable	-	(9,064)	(9,064)
(Increase) decrease in prepaid assets	(444,780)	(690,242)	(1,135,022)
(Increase) decrease in inventories	267	-	267
Increase (decrease) in claims payable	-	(981,621)	(981,621)
Increase (decrease) in accounts payable	(20,801)	163,333	142,532
(Increase) decrease in amounts payable related to equipment purchases	11,981	-	11,981
Total adjustments	356,905	(1,517,594)	(1,160,689)
Net cash used in operating activities	<u>\$ (276,776)</u>	<u>(1,951,649)</u>	<u>(2,228,425)</u>

Fountain of Life (Cathedral City Civic Center)



Agency Funds



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AGENCY FUNDS – Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

Assessment District 85-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 86-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 86-5 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 87-2 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 88-2 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 88-3 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 96-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 2001-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Rio Vista CFD – Accounts for deposits held by the City for the Rio Vista Community Facilities District.

Assessment District 03-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 04-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Assessment District 04-02 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

City of Cathedral City
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

	Assessment District 85-1	Assessment District 86-1	Assessment District 86-5	Assessment District 87-2
Assets				
Cash and investments	\$ 770,187	1,257,326	629,390	13,010
Interest receivable	6,284	13,278	5,920	127
Special assessments receivable	54,796	47,763	23,518	-
Restricted assets:				
Cash and investments with fiscal agent	24	-	-	-
Total assets	<u>\$ 831,291</u>	<u>1,318,367</u>	<u>658,828</u>	<u>13,137</u>
Liabilities				
Accounts payable	\$ -	-	2,586	-
Due to bondholders	831,291	1,318,367	656,242	13,137
Total liabilities	<u>\$ 831,291</u>	<u>1,318,367</u>	<u>658,828</u>	<u>13,137</u>

	Rio Vista CFD	Assessment District 03-01	Assessment District 04-01	Assessment District 04-02
Assets				
Cash and investments	\$ 49,445	468,001	330,943	2,904,522
Interest receivable	402	8,371	8,333	40,037
Special assessments receivable	223,566	5,841,284	5,417,988	30,712,548
Restricted assets:				
Cash and investments with fiscal agent	2,723,562	452,384	420,687	2,243,844
Total assets	<u>\$ 2,996,975</u>	<u>6,770,040</u>	<u>6,177,951</u>	<u>35,900,951</u>
Liabilities				
Accounts payable	\$ 1,098	1,647	3,401	5,278
Due to bondholders	2,995,877	6,768,393	6,174,550	35,895,673
Total liabilities	<u>\$ 2,996,975</u>	<u>6,770,040</u>	<u>6,177,951</u>	<u>35,900,951</u>



Assessment District 88-2	Assessment District 88-3	Assessment District 96-1	Assessment District 2001-01
475,195	1,521,030	476,648	186,234
4,403	12,738	3,880	3,535
219,411	1,569,461	4,071,261	2,585,939
-	-	706,257	255,326
<u>699,009</u>	<u>3,103,229</u>	<u>5,258,046</u>	<u>3,031,034</u>
2,072	10,466	5,579	1,416
<u>696,937</u>	<u>3,092,763</u>	<u>5,252,467</u>	<u>3,029,618</u>
<u>699,009</u>	<u>3,103,229</u>	<u>5,258,046</u>	<u>3,031,034</u>

Assets

Cash and investments
Interest receivable
Special assessments receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Liabilities

Accounts payable
Due to bondholders
Total liabilities

<u>Total</u>
9,081,931
107,308
50,767,535
<u>6,802,084</u>
<u>66,758,858</u>
33,543
<u>66,725,315</u>
<u>66,758,858</u>

Assets

Cash and investments
Interest receivable
Special assessments receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Liabilities

Accounts payable
Due to bondholders
Total liabilities

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2008

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 85-1</u>				
Assets				
Cash and investments	\$ 731,826	453,409	415,048	770,187
Interest receivable	7,725	6,284	7,725	6,284
Special assessments receivable	72,180	25,771	43,155	54,796
Restricted assets:				
Cash and investments with fiscal agent	-	24	-	24
Total assets	<u>\$ 811,731</u>	<u>485,488</u>	<u>465,928</u>	<u>831,291</u>
Liabilities				
Accounts payable	\$ 5,278	-	5,278	-
Due to bondholders	806,453	491,071	466,233	831,291
Total liabilities	<u>\$ 811,731</u>	<u>491,071</u>	<u>471,511</u>	<u>831,291</u>
<u>Assessment District 86-1</u>				
Assets				
Cash and investments	\$ 1,159,842	853,969	756,485	1,257,326
Interest receivable	17,890	13,278	17,890	13,278
Special assessments receivable	51,488	41,561	45,286	47,763
Total assets	<u>\$ 1,229,220</u>	<u>908,808</u>	<u>819,661</u>	<u>1,318,367</u>
Liabilities				
Accounts payable	\$ 7,659	-	7,659	-
Due to bondholders	1,221,561	917,031	820,225	1,318,367
Total liabilities	<u>\$ 1,229,220</u>	<u>917,031</u>	<u>827,884</u>	<u>1,318,367</u>
<u>Assessment District 86-5</u>				
Assets				
Cash and investments	\$ 574,088	347,027	291,725	629,390
Interest receivable	7,076	5,920	7,076	5,920
Special assessments receivable	298,298	19,613	294,393	23,518
Total assets	<u>\$ 879,462</u>	<u>372,560</u>	<u>593,194</u>	<u>658,828</u>
Liabilities				
Accounts payable	\$ 2,174	10,456	10,044	2,586
Due to bondholders	877,288	374,899	595,945	656,242
Total liabilities	<u>\$ 879,462</u>	<u>385,355</u>	<u>605,989</u>	<u>658,828</u>

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2008 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 87-2</u>				
Assets				
Cash and investments	\$ 12,030	1,019	39	13,010
Interest receivable	220	127	220	127
Total assets	<u>\$ 12,250</u>	<u>1,146</u>	<u>259</u>	<u>13,137</u>
Liabilities				
Due to bondholders	<u>\$ 12,250</u>	<u>1,146</u>	<u>259</u>	<u>13,137</u>
Total liabilities	<u>\$ 12,250</u>	<u>1,146</u>	<u>259</u>	<u>13,137</u>
 <u>Assessment District 88-2</u>				
Assets				
Cash and investments	\$ 438,945	241,740	205,490	475,195
Interest receivable	5,671	4,403	5,671	4,403
Special assessments receivable	393,879	196,947	371,415	219,411
Total assets	<u>\$ 838,495</u>	<u>443,090</u>	<u>582,576</u>	<u>699,009</u>
Liabilities				
Accounts payable	\$ 2,368	9,804	10,100	2,072
Due to bondholders	<u>836,127</u>	<u>445,614</u>	<u>584,804</u>	<u>696,937</u>
Total liabilities	<u>\$ 838,495</u>	<u>455,418</u>	<u>594,904</u>	<u>699,009</u>
 <u>Assessment District 88-3</u>				
Assets				
Cash and investments	\$ 1,398,749	983,883	861,602	1,521,030
Interest receivable	16,836	12,738	16,836	12,738
Special assessments receivable	2,284,263	1,544,532	2,259,334	1,569,461
Total assets	<u>\$ 3,699,848</u>	<u>2,541,153</u>	<u>3,137,772</u>	<u>3,103,229</u>
Liabilities				
Accounts payable	\$ 10,631	42,734	42,899	10,466
Due to bondholders	<u>3,689,217</u>	<u>2,552,533</u>	<u>3,148,987</u>	<u>3,092,763</u>
Total liabilities	<u>\$ 3,699,848</u>	<u>2,595,267</u>	<u>3,191,886</u>	<u>3,103,229</u>

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2008 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 96-1</u>				
Assets				
Cash and investments	\$ 474,256	412,150	409,758	476,648
Interest receivable	4,993	3,880	4,993	3,880
Special assessments receivable	4,209,918	4,071,261	4,209,918	4,071,261
Restricted assets:				
Cash and investments with fiscal agent	-	1,084,132	377,875	706,257
Total assets	<u>\$ 4,689,167</u>	<u>5,571,423</u>	<u>5,002,544</u>	<u>5,258,046</u>
Liabilities				
Accounts payable	\$ 5,483	23,494	23,398	5,579
Due to bondholders	4,683,684	5,199,726	4,630,943	5,252,467
Total liabilities	<u>\$ 4,689,167</u>	<u>5,223,220</u>	<u>4,654,341</u>	<u>5,258,046</u>
<u>Assessment District 2001-01</u>				
Assets				
Cash and investments	\$ 169,513	265,639	248,918	186,234
Interest receivable	4,397	3,535	4,397	3,535
Special assessments receivable	2,657,579	2,585,940	2,657,580	2,585,939
Restricted assets:				
Cash and investments with fiscal agent	257,613	243,878	246,165	255,326
Total assets	<u>\$ 3,089,102</u>	<u>3,098,992</u>	<u>3,157,060</u>	<u>3,031,034</u>
Liabilities				
Accounts payable	\$ 1,434	245,738	245,756	1,416
Due to bondholders	3,087,668	2,865,791	2,923,841	3,029,618
Total liabilities	<u>\$ 3,089,102</u>	<u>3,111,529</u>	<u>3,169,597</u>	<u>3,031,034</u>
<u>Rio Vista CFD</u>				
Assets				
Cash and investments	\$ 543,014	570,475	1,064,044	49,445
Interest receivable	5,717	402	5,717	402
Special assessments receivable	9,143	223,566	9,143	223,566
Restricted assets:				
Cash and investments with fiscal agent	2,237,534	1,340,414	854,386	2,723,562
Total assets	<u>\$ 2,795,408</u>	<u>2,134,857</u>	<u>1,933,290</u>	<u>2,996,975</u>
Liabilities				
Accounts payable	\$ 921	1,058,110	1,057,933	1,098
Due to bondholders	2,794,487	1,094,990	893,600	2,995,877
Total liabilities	<u>\$ 2,795,408</u>	<u>2,153,100</u>	<u>1,951,533</u>	<u>2,996,975</u>

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2008 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 03-01</u>				
Assets				
Cash and investments	\$ 380,785	530,483	443,267	468,001
Interest receivable	9,950	8,371	9,950	8,371
Special assessments receivable	5,957,125	5,841,284	5,957,125	5,841,284
Restricted assets:				
Cash and investments with fiscal agent	456,889	439,869	444,374	452,384
Total assets	<u>\$ 6,804,749</u>	<u>6,820,007</u>	<u>6,854,716</u>	<u>6,770,040</u>
Liabilities				
Accounts payable	\$ 1,576	434,495	434,424	1,647
Due to bondholders	6,803,173	6,396,124	6,430,904	6,768,393
Total liabilities	<u>\$ 6,804,749</u>	<u>6,830,619</u>	<u>6,865,328</u>	<u>6,770,040</u>
 <u>Assessment District 04-01</u>				
Assets				
Cash and investments	\$ 296,627	459,875	425,559	330,943
Interest receivable	5,572	8,333	5,572	8,333
Special assessments receivable	5,528,081	5,417,988	5,528,081	5,417,988
Restricted assets:				
Cash and investments with fiscal agent	424,862	409,542	413,717	420,687
Total assets	<u>\$ 6,255,142</u>	<u>6,295,738</u>	<u>6,372,929</u>	<u>6,177,951</u>
Liabilities				
Accounts payable	\$ 3,506	410,342	410,447	3,401
Due to bondholders	6,251,636	5,903,168	5,980,254	6,174,550
Total liabilities	<u>\$ 6,255,142</u>	<u>6,313,510</u>	<u>6,390,701</u>	<u>6,177,951</u>
 <u>Assessment District 04-02</u>				
Assets				
Cash and investments	\$ 2,719,429	2,295,170	2,110,077	2,904,522
Interest receivable	32,943	40,037	32,943	40,037
Special assessments receivable	31,459,259	30,712,548	31,459,259	30,712,548
Restricted assets:				
Cash and investments with fiscal agent	2,244,712	2,161,486	2,162,354	2,243,844
Total assets	<u>\$ 36,456,343</u>	<u>35,209,241</u>	<u>35,764,633</u>	<u>35,900,951</u>
Liabilities				
Accounts payable	\$ 5,701	2,084,686	2,085,109	5,278
Due to bondholders	36,450,642	33,156,230	33,711,199	35,895,673
Total liabilities	<u>\$ 36,456,343</u>	<u>35,240,916</u>	<u>35,796,308</u>	<u>35,900,951</u>

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2008 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Totals</u>				
Assets				
Cash and investments	\$ 8,899,104	7,414,839	7,232,012	9,081,931
Interest receivable	118,990	107,308	118,990	107,308
Special assessments receivable	52,921,213	50,681,011	52,834,689	50,767,535
Restricted assets:				
Cash and investments with fiscal agent	5,621,610	5,679,345	4,498,871	6,802,084
Total assets	<u>\$ 67,560,917</u>	<u>63,882,503</u>	<u>64,684,562</u>	<u>66,758,858</u>
Liabilities				
Accounts payable	\$ 46,731	4,319,859	4,333,047	33,543
Due to bondholders	67,514,186	59,398,323	60,187,194	66,725,315
Total liabilities	<u>\$ 67,560,917</u>	<u>63,718,182</u>	<u>64,520,241</u>	<u>66,758,858</u>

Fountain of Life (Cathedral City Civic Center)



Statistical Section



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The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the reader a better understanding of the City's economic condition.

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Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

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• Fund Balances of Governmental Funds	184
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City of Cathedral City
Net Assets by Component
Last Six Fiscal Years (Dollars in thousands)
 (Accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 36,888	107,520	112,911	122,219	129,980
Restricted	7,219	91,617	98,648	125,460	165,751
Unrestricted	(3,510)	(110,017)	(109,324)	(102,049)	(127,461)
Total governmental activities net assets	<u>\$ 40,597</u>	<u>89,120</u>	<u>102,235</u>	<u>145,630</u>	<u>168,270</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ -	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 36,888	107,520	112,911	122,219	129,980
Restricted	7,219	91,617	98,648	125,460	165,751
Unrestricted	(3,510)	(110,017)	(109,324)	(102,049)	(127,461)
Total primary government net assets	<u>\$ 40,597</u>	<u>89,120</u>	<u>102,235</u>	<u>145,630</u>	<u>168,270</u>

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been restated to eliminate all net assets related to assessment district debt service funds.

Note 3: The increase in total net assets of \$48,523 from 2003 to 2004 consists of the following: (1) prior period adjustments - \$43,177; and (2) current year increase in net assets - \$5,346.

Note 4: The increase in total net assets of \$13,115 from 2004 to 2005 consists of the following: (1) prior period adjustment - \$10,160; and (2) current year increase in net assets - \$2,955.

Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

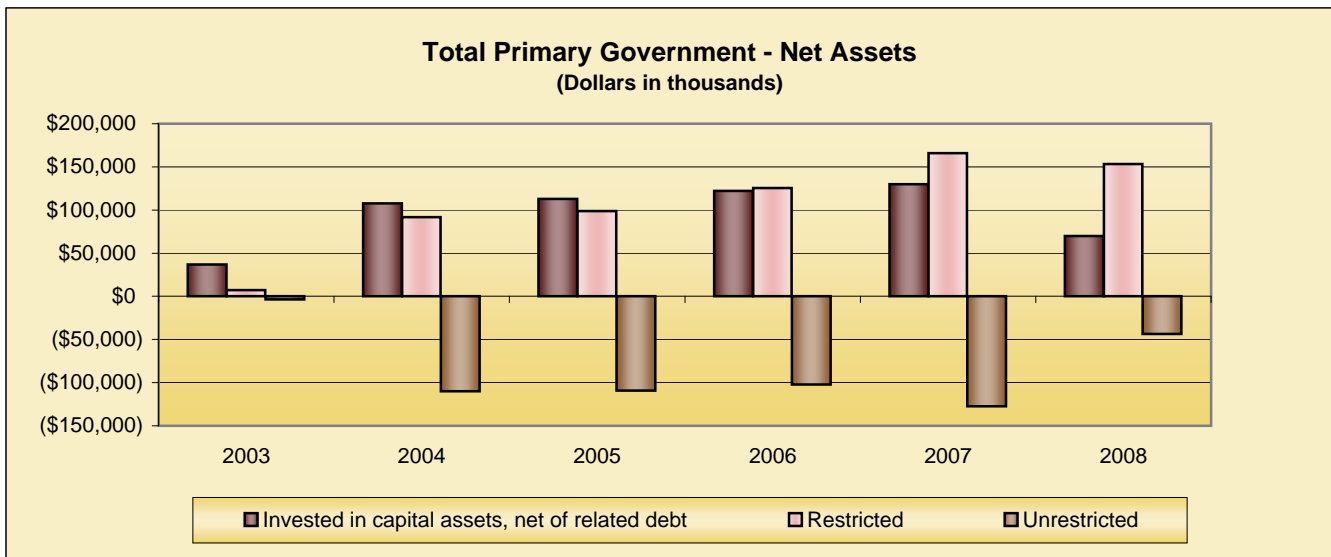
Source: City of Cathedral City, Government-Wide Financial Statements

Fiscal Year				
2008	2009	2010	2011	2012
69,918				
153,335				
(43,693)				
<u>179,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
40				
-				
18				
<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
69,958				
153,335				
(43,675)				
<u>179,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Governmental activities:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total governmental activities net assets

Business-type activities:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total business-type activities net assets

Primary government:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total primary government net assets



City of Cathedral City
Changes in Net Assets
Last Six Fiscal Years (Dollars in thousands)
(Accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 20,302	21,164	31,122	18,833	17,617
Community development	-	801	7,130	9,108	9,413
Culture and recreation	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public safety	12,762	12,845	15,433	17,006	19,703
Public works	2,533	2,172	2,879	5,351	4,960
Interest on long-term debt	6,877	6,175	6,156	5,113	8,070
Total governmental activities expenses	<u>42,474</u>	<u>43,157</u>	<u>62,720</u>	<u>55,411</u>	<u>59,763</u>
Business-type activities:					
Education	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 42,474</u>	<u>43,157</u>	<u>62,720</u>	<u>55,411</u>	<u>59,763</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,522	2,658	2,665	3,246	7,719
Community development	-	95	74	44	441
Parks and recreation	101	-	-	-	-
Public safety	1,573	1,637	1,934	1,988	1,957
Public works	-	255	606	606	600
Operating grants and contributions	3,891	3,989	4,798	6,955	4,091
Capital grants and contributions	253	755	354	-	10,237
Total governmental activities program revenues	<u>9,340</u>	<u>9,389</u>	<u>10,431</u>	<u>12,839</u>	<u>25,045</u>
Business-type activities:					
Charges for services:					
Education	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 9,340</u>	<u>9,389</u>	<u>10,431</u>	<u>12,839</u>	<u>25,045</u>
Net (Expense)/Revenue					
Governmental activities	\$ (33,134)	(33,768)	(52,289)	(42,572)	(34,718)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government net expense	<u>\$ (33,134)</u>	<u>(33,768)</u>	<u>(52,289)</u>	<u>(42,572)</u>	<u>(34,718)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 20,855	20,087	19,908	24,280	28,145
Sales taxes (Note 3)	8,652	9,331	10,165	10,177	10,008
Motor vehicle in lieu taxes (Note 4)	2,595	2,160	2,902	4,434	-
Transient occupancy taxes	1,774	1,681	1,703	1,851	-
Other taxes	-	-	-	-	6,240
Franchise fees	1,333	2,012	4,146	4,383	2,031
Interest and investment earnings	1,916	1,387	2,613	3,846	6,803
Capital contributions	-	-	-	33,244	-
Transfers	-	2,241	12,014	-	-
Miscellaneous	278	215	1,793	3,752	4,131
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>37,403</u>	<u>39,114</u>	<u>55,244</u>	<u>85,967</u>	<u>57,358</u>
Business-type activities:					
Miscellaneous	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 37,403</u>	<u>39,114</u>	<u>55,244</u>	<u>85,967</u>	<u>57,358</u>

(continued)

Fiscal Year				
2008	2009	2010	2011	2012
7,040				
14,855				
362				
-				
21,556				
4,874				
13,856				
62,543	-	-	-	-
1,078				
1,078	-	-	-	-
63,621	-	-	-	-
2,492				
560				
-				
2,591				
361				
3,881				
3,180				
13,065	-	-	-	-
743	-	-	-	-
300	-	-	-	-
1,043	-	-	-	-
14,108	-	-	-	-
(49,478)	-	-	-	-
(35)	-	-	-	-
(49,513)	-	-	-	-
34,634				
8,345				
-				
-				
2,110				
1,975				
9,720				
-				
-				
2,067				
264				
59,115	-	-	-	-
4	-	-	-	-
4	-	-	-	-
59,119	-	-	-	-

Expenses

Governmental activities:

General government
Community development
Culture and recreation
Parks and recreation
Public safety
Public works
Interest on long-term debt

Total governmental activities expenses

Business-type activities:

Education

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental activities:

Charges for services:
General government
Community development
Parks and recreation
Public safety
Public works
Operating grants and contributions
Capital grants and contributions

Total governmental activities program revenues

Business-type activities:

Charges for services:
Education
Operating grants and contributions

Total business-type activities program revenues

Total primary government program revenues

Net (Expense)/Revenue

Governmental activities

Business-type activities

Total primary government net expense

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes:
Property taxes
Sales taxes (Note 3)
Motor vehicle in lieu taxes (Note 4)
Transient occupancy taxes
Other taxes
Franchise fees
Interest and investment earnings
Capital contributions
Transfers
Miscellaneous
Extraordinary item
Total governmental activities

Business-type activities:

Miscellaneous

Total business-type activities

Total primary government

City of Cathedral City
Changes in Net Assets
Last Six Fiscal Years (Dollars in thousands)
 (Accrual basis of accounting) (continued)

	Fiscal Year				
	2003	2004	2005	2006	2007
Change in Net Assets					
Governmental activities	\$ 4,269	5,346	2,955	43,395	22,640
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 4,269</u>	<u>5,346</u>	<u>2,955</u>	<u>43,395</u>	<u>22,640</u>

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been adjusted to eliminate all net assets related to assessment district debt service funds.

Note 3: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

Note 4: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as an intergovernmental revenue.

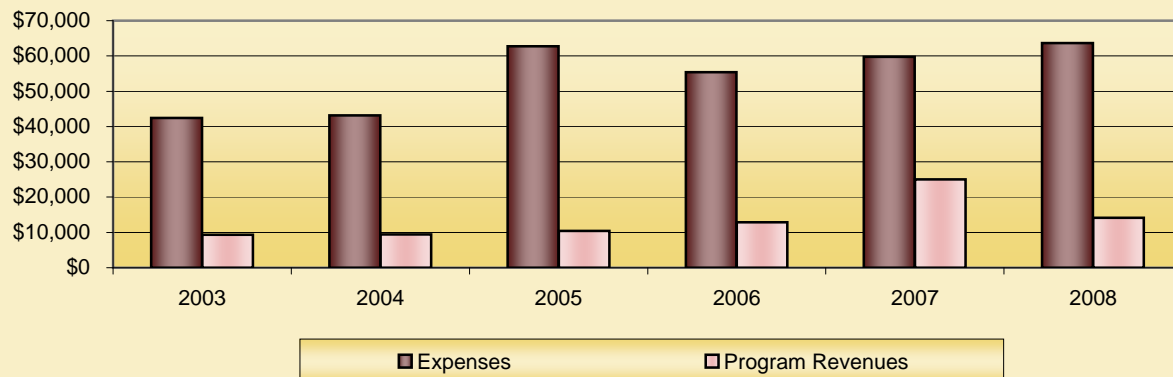
Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

Source: City of Cathedral City, Government-Wide Financial Statements

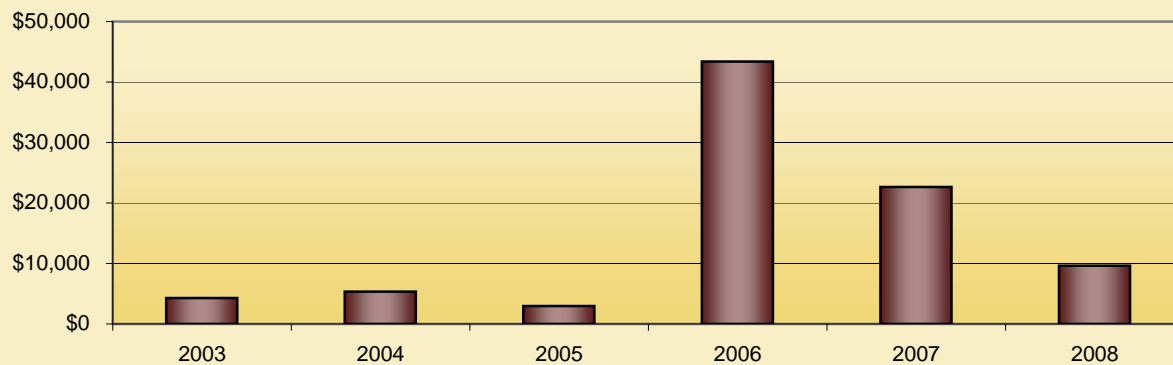
Fiscal Year				
2008	2009	2010	2011	2012
9,637	-	-	-	-
(31)	-	-	-	-
9,606	-	-	-	-

Change in Net Assets
 Governmental activities
 Business-type activities
 Total primary government

Total Primary Government - Expenses and Program Revenues
 (Dollars in thousands)



Total Primary Government - Changes in Net Assets
 (Dollars in thousands)



City of Cathedral City
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Dollars in thousands)
 (Modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
General fund:					
Reserved	\$ 3,701	3,701	3,701	3,701	3,701
Unreserved	4,338	8,779	10,478	11,754	12,525
Total general fund	<u>\$ 8,039</u>	<u>12,480</u>	<u>14,179</u>	<u>15,455</u>	<u>16,226</u>
All other governmental funds:					
Reserved	\$ 18,979	21,273	22,054	24,524	35,759
Unreserved, reported in:					
Special revenue funds	7,306	9,321	11,960	10,612	12,073
Capital projects funds	6,531	20,444	22,173	16,906	46,344
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 32,816</u>	<u>51,038</u>	<u>56,187</u>	<u>52,042</u>	<u>94,176</u>

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 1998 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds.

Note 3: The increase in total fund balances of \$22,663 from 1999 to 2000 consists of the following: (1) 1999 audit report footing error - \$1,795; and (2) current year increase in fund balances - \$20,868.

Note 4: The increase in total fund balances of \$6,848 from 2000 to 2001 consists of the following: (1) elimination of agency fund balance - (\$2,179); (2) prior period adjustment - \$1,260; and (3) current year increase in fund balances - \$7,767.

Note 5: The decrease in total fund balances of \$2,869 from 2001 to 2002 consists of the following: (1) prior period adjustment - (\$949); and (2) current year decrease in net fund balances - \$1,920.

Note 6: The increase in total fund balances of \$42,905 from 2002 to 2003 consists of the following: (1) prior period adjustment - (\$3,744); and (2) current year increase in fund balances - \$46,649.

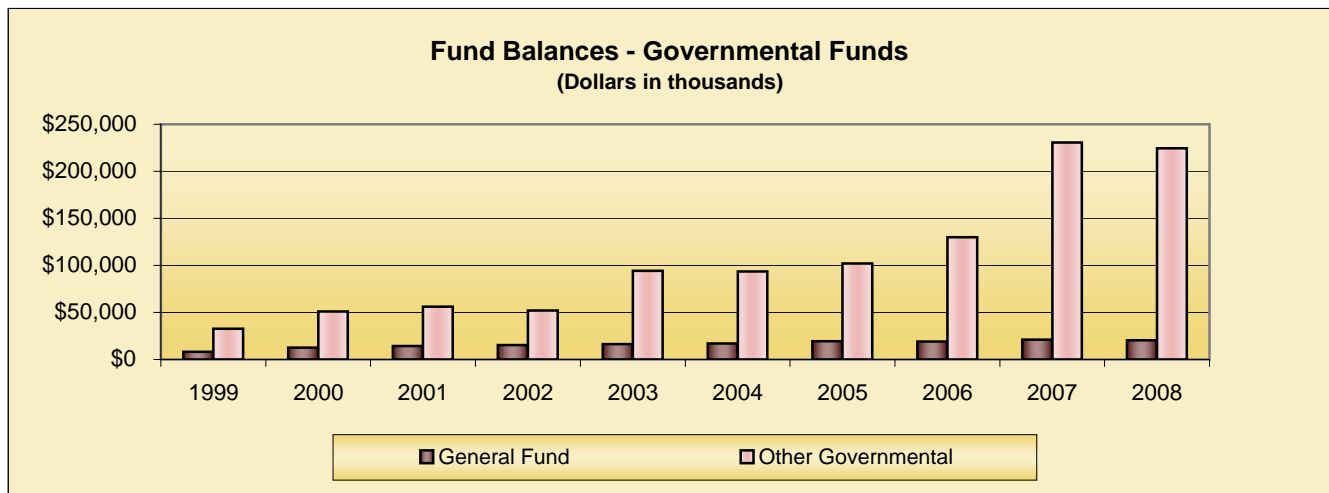
Note 7: The decrease in total fund balances of \$34 from 2003 to 2004 consists of the following: (1) prior period adjustment - \$61; and (2) current year decrease in fund balances - \$95.

Source: City of Cathedral City, Fund Financial Statements

Fiscal Year				
2004	2005	2006	2007	2008
3,701	3,701	6,836	355	4,249
13,159	15,692	12,055	20,856	15,999
16,860	19,393	18,891	21,211	20,248
38,107	41,284	52,607	73,666	83,077
11,417	11,751	12,716	13,955	15,089
43,984	49,167	64,282	142,992	126,372
-	-	306	-	-
93,508	102,202	129,911	230,613	224,538

General fund:
 Reserved
 Unreserved
 Total general fund

All other governmental funds:
 Reserved
 Unreserved, reported in:
 Special revenue funds
 Capital projects funds
 Debt service funds
 Total all other governmental funds



City of Cathedral City
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Dollars in thousands)
(Modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 26,345	27,326	27,299	30,372	33,876
Intergovernmental	4,102	3,020	5,396	2,382	3,948
Licenses and permits	1,579	2,011	2,150	2,147	2,676
Fines and forfeitures	100	197	179	197	225
Charges for services	2,211	2,279	3,858	4,099	2,896
Special assessments	-	-	(1,473)	-	-
Development fees	-	-	-	-	-
Revenues from use of money and property	1,947	2,491	3,100	2,311	1,917
Contributions from property owners	-	-	9,254	-	-
Gain on sale of land held for resale	-	-	-	-	-
Miscellaneous	1,046	865	2,239	4,077	1,206
Total revenues	<u>\$ 37,330</u>	<u>38,189</u>	<u>52,002</u>	<u>45,585</u>	<u>46,744</u>
Expenditures					
Current:					
General government	\$ 7,746	7,300	7,866	8,402	8,896
Community development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	9,011	9,112	10,952	11,277	11,813
Public works	779	1,037	1,184	2,433	2,304
Payments under pass-through agreements	5,338	5,639	6,643	7,426	9,006
Capital outlay	12,540	4,752	17,370	11,152	10,238
Loss on sale of land held for resale	-	-	-	-	-
Debt service:					
Principal	2,643	3,051	2,802	3,718	4,026
Interest	3,749	3,589	4,203	4,890	3,726
Other charges	-	796	69	-	1,615
Total expenditures	<u>\$ 41,806</u>	<u>35,276</u>	<u>51,089</u>	<u>49,298</u>	<u>51,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,476)</u>	<u>2,913</u>	<u>913</u>	<u>(3,713)</u>	<u>(4,880)</u>
Other financing sources (uses)					
Transfers in	\$ 9,444	8,320	4,030	5,644	16,401
Transfers out	(7,705)	(6,491)	(3,172)	(4,812)	(16,286)
Proceeds from sale of capital assets	-	-	-	-	-
Issuance of debt	-	-	5,996	961	51,983
Refunding of debt	-	16,126	-	-	9,407
Discount on bonds issued	-	-	-	-	(569)
Bond premium	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	(3,898)
Payment of bonds refunded	-	-	-	-	(5,509)
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 1,739</u>	<u>17,955</u>	<u>6,854</u>	<u>1,793</u>	<u>51,529</u>
Net change in fund balances	<u><u>\$ (2,737)</u></u>	<u><u>20,868</u></u>	<u><u>7,767</u></u>	<u><u>(1,920)</u></u>	<u><u>46,649</u></u>
Debt service as a percentage of noncapital expenditures	21.8%	24.4%	21.0%	22.6%	22.6%

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 1998 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds activity.

Note 3: Prior to the fiscal year ended June 30, 2006, capital contributions were reported as "transfers in."



Fiscal Year				
2004	2005	2006	2007	2008
30,159	34,678	41,894	44,393	47,064
3,941	4,200	5,845	11,818	6,883
2,564	2,524	2,648	1,370	957
289	11	15	409	371
3,499	4,243	4,733	5,392	3,908
-	-	-	-	351
-	-	-	-	59
1,444	2,612	3,846	6,725	9,236
-	-	33,244	2,394	-
-	-	-	90	-
1,083	1,922	4,172	2,448	1,649
42,979	50,190	96,397	75,039	70,478
8,339	7,836	7,517	10,976	6,672
801	7,130	3,217	4,329	16,204
-	-	-	-	147
12,845	15,434	17,006	19,166	21,289
2,047	2,126	4,351	2,857	2,709
3,985	6,106	5,983	4,985	5,502
3,682	16,142	17,573	31,343	20,109
-	-	-	86	3
5,904	4,138	17,690	4,907	5,040
6,233	5,604	6,116	6,377	10,874
-	1,090	650	2,366	-
43,836	65,606	80,103	87,392	88,549
(857)	(15,416)	16,294	(12,353)	(18,071)
16,946	37,616	30,566	142,933	26,550
(16,175)	(27,420)	(32,825)	(145,683)	(28,389)
(9)	-	2	2,896	-
-	40,672	13,000	115,000	-
-	(27,308)	-	-	-
-	-	-	-	-
-	-	-	229	-
-	-	-	-	-
-	-	-	-	-
-	3,083	170	-	-
762	26,643	10,913	115,375	(1,839)
(95)	11,227	27,207	103,022	(19,910)
30.2%	21.9%	39.1%	24.4%	23.3%

Revenues

Taxes
Intergovernmental
Licenses and permits
Fines and forfeitures
Charges for services
Special assessments
Development fees
Revenues from use of money and property
Contributions from property owners
Gain on sale of land held for resale
Miscellaneous
Total revenues

Expenditures

General government
Community development
Culture and recreation
Public safety
Public works
Payments under pass-through agreement
Capital outlay
Loss on sale of land held for resale
Debt service:
 Principal
 Interest
 Other charges
Total expenditures
Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Proceeds from sale of capital assets
Issuance of debt
Refunding of debt
Discount on bonds issued
Bond premium
Payments to refunded bond escrow agent
Payment of bonds refunded
Loan proceeds
Total other financing sources (uses)
Net change in fund balances
Debt service as a percentage
 of noncapital expenditures

Source: City of Cathedral City, Fund Financial Statements

City of Cathedral City
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years (Dollars in thousands)
 (Modified accrual basis of accounting)

Fiscal Year	Property (including RDA tax increment)	Sales (Note 1)	In-Lieu VLF (Note 2)	Transient Occupancy	Other (Note 3)	Franchise Fees (Note 4)	Total
1999	\$ 12,655	5,990	-	1,380	6,320	-	26,345
2000	13,586	7,293	-	1,363	5,084	-	27,326
2001	15,839	7,545	-	1,391	2,524	-	27,299
2002	18,296	7,817	-	1,464	2,795	-	30,372
2003	20,795	8,652	-	1,774	2,655	-	33,876
2004	16,684	9,331	-	1,681	2,463	-	30,159
2005	19,373	10,165	2,585	1,703	852	-	34,678
2006	25,109	10,177	3,282	1,851	1,475	-	41,894
2007	28,145	10,008	3,691	1,961	588	-	44,393
2008	30,467	8,345	4,167	1,632	478	1,975	47,064
Change 1999 - 2008	140.8%	39.3%	NA	18.3%	-92.4%	NA	78.6%

Notes to Schedule:

Note 1: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

Note 2: As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap beginning with the fiscal year ended June 30, 2005.

Note 3: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

Note 4: Prior to 2008, franchise fees were reported as charges for services.

Source: City of Cathedral City Finance Department

City of Cathedral City
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in thousands)



Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property (Note 2)	Total Net Taxable Assessed Value (Note 3)	Total Direct Tax Rate
1999	\$ 869,681	205,678	42,503	506,295	1,624,157	0.77733
2000	958,315	219,946	43,415	452,920	1,674,596	0.82314
2001	1,077,946	230,220	47,607	526,657	1,882,430	0.80817
2002	1,264,992	239,415	55,720	558,287	2,118,414	0.83226
2003	1,414,481	264,021	59,374	594,333	2,332,209	0.85126
2004	1,615,162	275,810	60,754	603,834	2,555,560	0.84884
2005	1,880,131	290,443	63,080	630,749	2,864,403	0.86395
2006	2,166,837	306,835	70,929	700,897	3,245,498	0.86814
2007	2,591,909	339,291	73,875	843,492	3,848,567	0.89159
2008	2,947,404	405,793	81,614	921,657	4,356,468	0.90300

Notes to Schedule:

Note 1: In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Includes the following categories: dry farm, government, institutional, recreational, vacant land, SBE nonunitary, possessory interest, unsecured and unknown.

Note 3: The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

Source: HdL Coren & Cone (Riverside County Assessor 1998/99 - 2007/08 Combined Tax Rolls)

City of Cathedral City
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

Fiscal Year	Basic Levy (Note 1)	Overlapping Rates					
		Coachella Valley Water District	CVWD Improvement District 53	CVWD Improvement District 54	Desert Community College	Desert Water Agency	Desert Water Agency 4 Th Fringe
1999	\$ 1.00000	0.02080	0.00590	0.05410	-	0.08000	0.08000
2000	1.00000	0.02080	0.00540	0.03820	-	0.07000	0.07000
2001	1.00000	0.02080	0.00190	0.02890	-	0.07000	0.07000
2002	1.00000	0.02080	0.00170	0.02300	-	0.07000	0.07000
2003	1.00000	0.02080	0.00170	0.02160	-	0.07000	0.07000
2004	1.00000	0.02080	0.00060	0.02020	-	0.06000	0.06000
2005	1.00000	0.02080	0.00020	0.01910	0.01994	0.06000	0.06000
2006	1.00000	0.02080	0.00020	0.01800	0.01995	0.06000	0.06000
2007	1.00000	0.02080	-	0.01800	0.01995	0.08000	0.08000
2008	1.00000	0.04000	0.00090	0.00720	0.01995	0.08000	0.08000

Notes to Schedule:

Note 1: In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Note 2: City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city.

Note 3: RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values.

Note 4: The Government Finance Officers Association 's definition of total direct rate is: "The weighted average of all individual rates applied by the government preparing the statistical section." The total direct rate of the City is calculated based on this definition, therefore, the columns will not sum across.

Source: HdL Coren & Cone (Riverside County Assessor, 1998/99 - 2007/08 Tax Rate Tables)



<u>Palm Springs Unified B&I 1992-A</u>	<u>Total Direct and Overlapping Rates</u>	<u>City Share of 1% Levy (Note 2)</u>	<u>Redevelopment Agency Incremental Rate (Note 3)</u>	<u>Total Direct Rate (Note 4)</u>	<u>Fiscal Year</u>
0.05620	1.29700	0.08421	1.00000	0.77733	1999
0.06050	1.26490	0.08421	1.00000	0.82314	2000
0.05609	1.24769	0.08421	1.00000	0.80817	2001
0.06192	1.24742	0.08421	1.00000	0.83226	2002
0.06002	1.24412	0.08421	1.00000	0.85126	2003
0.06052	1.22212	0.08421	1.00000	0.84884	2004
0.05715	1.23719	0.08421	1.00000	0.86395	2005
0.05012	1.22907	0.08421	1.00000	0.86814	2006
0.05912	1.27787	0.08421	1.00000	0.89159	2007
0.05468	1.28273	0.08421	1.00000	0.90300	2008

City of Cathedral City
Principal Property Taxpayers
Current Year and Nine Years Ago
(Dollars in thousands)

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BJ's Cat City	\$ 43,344	1	0.99%			
Welk Resort Group, Inc./Welk Park North	26,740	2	0.61%	32,350	1	1.99%
MHC Date Palm	29,070	3	0.67%			
Meristar Sub 1C	21,453	4	0.49%			
Rio Vista Property LLC	21,127	5	0.48%			
Rio Vista Nevada	17,616	6	0.40%			
Cathedral Group	15,763	7	0.36%			
U Store It Limited Partnership	12,638	8	0.29%			
Goble Investments	12,507	9	0.29%			
Mega Dealer	13,555	10	0.31%			
MHC Operating Limited Partnership				24,371	2	1.50%
Capstar Cathedral City Company				18,292	3	1.13%
Wal Mart Stores, Inc.				11,987	4	0.74%
Pace Membership Warehouse, Inc.				10,431	5	0.64%
Dana B. and Melba E. Horn				10,260	6	0.63%
Palm Springs Motors, Inc.				8,558	7	0.53%
Canyon				8,091	8	0.50%
Eastbourne Investment Limited				7,954	9	0.49%
Westrust Southwest Retail Partnership				7,943	10	0.49%
Totals	<u>\$ 213,813</u>		<u>4.89%</u>	<u>140,237</u>		<u>8.64%</u>

Notes to Schedule:

Note 1: Rankings are based on property taxes paid, not taxable assessed value.

Source: HdL Coren & Cone (Riverside County Assessor 2007/08 and 1998/99 Combined Tax Rolls)

City of Cathedral City
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in thousands)



Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (Note 1)	Collected within the Fiscal Year of the Levy		Previous Years Collections (Notes 2 and 3)	Total Collections to Date	
		Amount (Note 2)	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 8,939	8,528	95.40%	-	8,528	95.40%
2000	9,298	9,017	96.98%	1	9,018	96.99%
2001	NA	10,529	NA	-	10,529	NA
2002	13,517	12,338	91.28%	2	12,340	91.29%
2003	13,577	13,905	102.42%	3	13,908	102.44%
2004	15,056	15,148	100.61%	5	15,153	100.64%
2005	17,111	17,009	99.40%	5	17,014	99.43%
2006	19,670	19,608	99.68%	9	19,617	99.73%
2007	23,790	23,575	99.10%	3	23,578	99.11%
2008	26,965	26,900	99.76%	95	26,995	100.11%

Notes to Schedule:

Note 1: Information as to the total tax levy for the fiscal year is not available from the Riverside County Auditor-Controller. The total tax levy has been estimated using the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller. The total tax levy for 2001 is not available (NA) because the Riverside County Auditor-Controller cannot locate the Statement of Original Charge for that year.

Note 2: Collections for 2008 are for amounts received as of October 16, 2008.

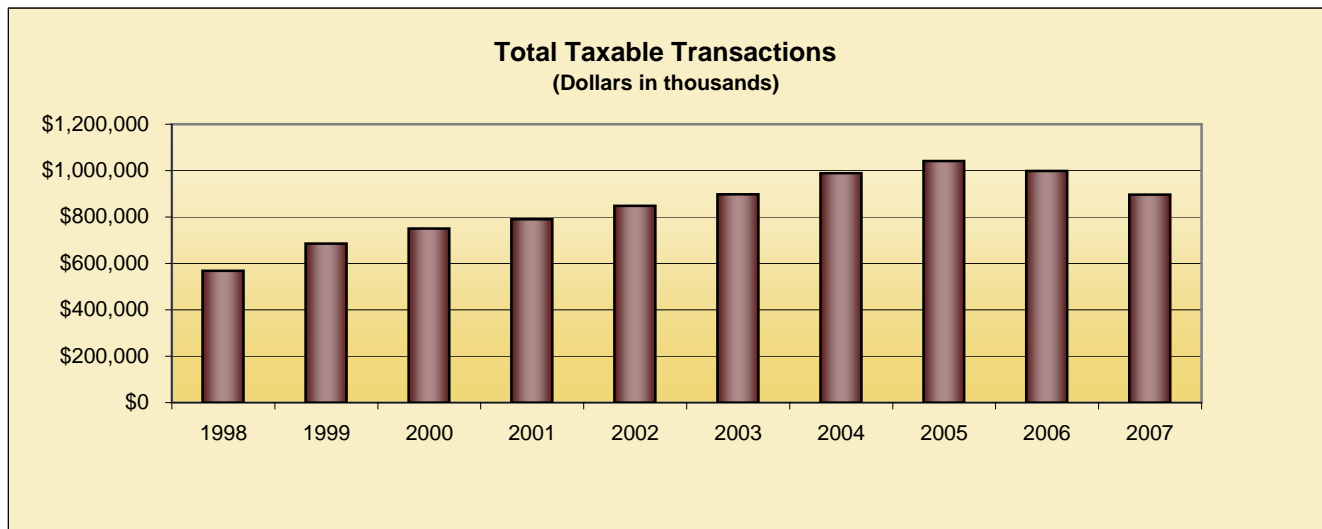
Note 3: The table above shows the total amount of delinquent taxes collected in each fiscal year. The Riverside County Auditor-Controller does not provide information regarding the levy year to which the delinquent tax collections pertain.

Note 4: The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were pass-throughs to other agencies. Fixed charge collections related to assessment district debt, which the City is not obligated for, are not included in this schedule.

Source: City of Cathedral City; Riverside County Auditor-Controller

City of Cathedral City
Taxable Transactions By Category
Last Ten Calendar Years (Dollars in thousands)

Calendar Year	Category					
	Apparel Stores	General Merchandise	Food Stores	Eating and Drinking Places	Building Materials	Auto Dealers and Supplies
1998	\$ 4,816	72,263	24,155	35,155	38,022	216,509
1999	6,032	81,466	25,773	38,495	47,624	274,488
2000	6,886	86,774	25,929	40,612	51,299	310,041
2001	7,524	91,867	29,363	43,652	47,834	335,040
2002	7,183	98,653	30,384	46,710	46,722	370,772
2003	6,363	105,062	32,322	48,614	49,498	389,594
2004	5,333	112,750	31,821	53,533	61,938	422,848
2005	5,142	102,389	33,911	57,088	74,139	435,392
2006	5,511	56,896	33,947	56,206	70,171	443,664
2007	7,911	36,717	33,106	56,631	49,763	412,098



Source: The HdL Companies, State of California Board of Equalization



Category				
Service Stations	Other Retail Stores	All Other Outlets	Total	Calendar Year
28,272	48,599	100,668	568,459	1998
34,309	57,537	119,903	685,627	1999
43,178	63,579	122,380	750,678	2000
43,047	62,756	129,366	790,449	2001
43,420	69,353	134,764	847,961	2002
52,059	75,074	139,440	898,026	2003
65,219	78,978	156,381	988,801	2004
76,701	83,403	173,100	1,041,265	2005
85,164	76,452	170,175	998,186	2006
88,302	65,969	145,901	896,398	2007

City of Cathedral City
Top 25 Sales Tax Producers
Current Year and Nine Years Ago
(Listed alphabetically)

2008		1999	
Taxpayer	Business	Taxpayer	Business
Acura Mazda of the Desert	New Motor Vehicle Dealers	Acura Mazda of the Desert	New Motor Vehicle Dealers
Albertsons	Grocery Stores Liquor	Albertsons	Grocery Stores Liquor
Arco AM PM Mini Mart	Service Stations	Albertsons	Grocery Stores Liquor
C&M Building Materials	Lumber/Building Materials	Arco AM PM Mini Mart	Service Stations
Cathedral City Fuels Co.	Service Stations	Arco AM PM Mini Mart	Service Stations
Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers	C&M Building Materials	Lumber/Building Materials
Desert Lexus	New Motor Vehicle Dealers	Champion Mitsubishi	New Motor Vehicle Dealers
Ferguson Enterprises	Plumbing/Electrical Supplies	Crystal Chrysler Center	New Motor Vehicle Dealers
Food 4 Less	Grocery Stores Liquor	Desert Lexus	New Motor Vehicle Dealers
Honda of the Desert	New Motor Vehicle Dealers	Dunn Edwards Paint	Paint/Glass/Wallpaper
JC Mobil	Service Stations	Familian Pipe & Supply	Plumbing/Electrical Supplies
Jessup Auto Plaza	New Motor Vehicle Dealers	Ford Credit Titling Trust	Auto Lease
Market Place Shell	Service Stations	Honda of the Desert	New Motor Vehicle Dealers
Palm Springs Ford Lincoln Mercury	New Motor Vehicle Dealers	Legacy Home Furnishings	Home Furnishings
Palm Springs Nissan	New Motor Vehicle Dealers	Palm Springs Ford Lincoln Mercury	New Motor Vehicle Dealers
Palm Springs Oil	Service Stations	Palm Springs Oil	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicle Dealers	Paradise Volkswagen	New Motor Vehicle Dealers
Phillip Linder & Associates	Home Furnishings	Sams Club	Discount Dept Stores
Stater Bros.	Grocery Stores Liquor	Spreen Saturn	New Motor Vehicle Dealers
Target	Discount Dept Stores	Target	Discount Dept Stores
Toyota Motor Credit Corporation	Auto Lease	Toyota Motor Credit Corporation	Auto Lease
Toyota of the Desert	New Motor Vehicle Dealers	Toyota of the Desert	New Motor Vehicle Dealers
United Rentals	Repair Shop/Hand Tool Rentals	U.S. Rentals	Repair Shop/Hand Tool Rentals
Valero Corner Store	Service Stations	Ultramar	Service Stations
Walgreens	Drug Stores	Wal Mart	Discount Dept Stores
Percentage of total paid by top 25 accounts - 62.11%		Percentage of total paid by top 25 accounts - 58.40%	

Notes to Schedule:

Note 1: Information is for the periods April 2007 through March 2008 and April 1998 through March 1999, respectively.

Source: Hinderliter, de Llamas & Associates, California State Board of Equalization

City of Cathedral City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	Lease Revenue Bonds	Tax Allocation Bonds	Revenue Bonds	Limited Obligation Bonds	Capital Leases	Long-Term Loans/Notes Payable			
1999	\$ 8,535	31,860	19,280	-	403	9,548	69,626	11.22%	1,734
2000	8,170	47,116	17,635	-	259	9,624	82,804	11.97%	1,942
2001	7,910	46,206	16,290	-	176	13,028	83,610	11.23%	1,897
2002	7,635	45,196	14,890	-	87	14,724	82,532	10.63%	1,809
2003	7,345	101,791	13,425	-	622	9,870	133,053	16.01%	2,784
2004	7,040	99,701	11,835	-	310	8,281	127,167	14.33%	2,580
2005	6,720	111,901	-	15,525	3,070	8,296	145,512	15.22%	2,867
2006	6,385	112,426	-	12,760	1,852	8,138	141,561	14.06%	2,760
2007	6,030	225,146	-	11,220	1,500	8,456	252,352	NA	4,839
2008	5,655	222,751	-	9,070	1,305	9,234	248,015	NA	4,727

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

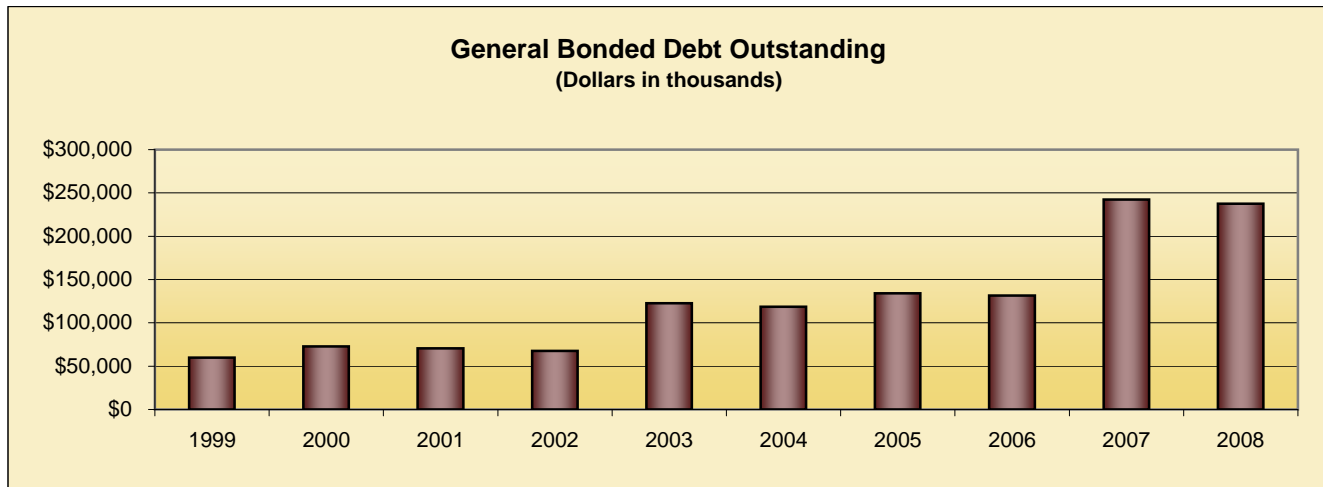
Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Demographic and Economic Statistics* table for personal income and population data. These ratios are calculated using personal income and population data as of the beginning of the calendar year.

Note 4: Personal income was estimated using the population and per capital personal income data. Per capita personal income information is not currently available from the U.S. Department of Commerce, Bureau of Economic Affairs for the years 2007 and 2008. Therefore, the percentage of personal income for 2007 and 2008 is not available (NA).

Source: City of Cathedral City Finance Department; *Demographic and Economic Statistics* table

City of Cathedral City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in thousands, except per capita)



Fiscal Year	General Bonded Debt Outstanding					Percentage of Assessed Taxable Value of Property	Per Capita
	Lease Revenue Bonds	Tax Allocation Bonds	Revenue Bonds	Limited Obligation Bonds	Total		
1999	\$ 8,535	31,860	19,280	-	59,675	3.67%	1,486
2000	8,170	47,116	17,635	-	72,921	4.35%	1,710
2001	7,910	46,206	16,290	-	70,406	3.74%	1,597
2002	7,635	45,196	14,890	-	67,721	3.20%	1,484
2003	7,345	101,791	13,425	-	122,561	5.26%	2,564
2004	7,040	99,701	11,835	-	118,576	4.64%	2,406
2005	6,720	111,901	-	15,525	134,146	4.68%	2,643
2006	6,385	112,426	-	12,760	131,571	4.05%	2,566
2007	6,030	225,146	-	11,220	242,396	6.30%	4,648
2008	5,655	222,751	-	9,070	237,476	5.45%	4,526

Notes to Schedule:

Note 1: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Assessed Value and Actual Value of Taxable Property* table for property value data.

Note 4: See the *Demographic and Economic Statistics* table for population data. The ratio is calculated using population data as of the beginning of the calendar year.

Source: City of Cathedral City Finance Department; *Assessed Value and Actual Value of Taxable Property* table; *Demographic and Economic Statistics* table

City of Cathedral City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008
(Dollars in thousands)

2007-08 Assessed Valuation	\$ 4,340,176
Less: Redevelopment Incremental Valuation	<u>(3,857,003)</u>
Adjusted Assessed Valuation	<u><u>\$ 483,173</u></u>

	Total Debt 06/30/08	Percentage Applicable ⁽²⁾	City's Share of Debt 06/30/08
Overlapping Tax and Assessment Debt ⁽¹⁾ :			
Desert Community College District	\$ 337,870	1.364%	\$ 4,609
Palm Springs Unified School District	237,685	3.245%	7,713
City of Cathedral City Community Facilities District No. 2000-01	12,095	100.000%	12,095
City of Cathedral City 1915 Act Bonds	51,608	100.000%	<u>51,608</u>
Total overlapping tax and assessment debt			<u>76,025</u>
Direct and Overlapping General Fund Debt:			
Riverside County General Fund Debt	701,563	0.278%	1,950
Riverside County Pension Obligations	387,995	0.278%	1,079
Riverside County Board of Education, Certificates of Participation	9,275	0.278%	26
City of Cathedral City General Fund Debt	5,655	100.000%	5,655
Coachella Valley County Water District, I.D. No. 71 Certificates of Participation	6,390	1.290%	<u>82</u>
Total gross direct and overlapping general fund debt			8,792
Less: Riverside self-supporting obligations			<u>(49)</u>
Total net direct direct and overlapping general fund debt			<u><u>\$ 8,743</u></u>
Gross combined total debt			<u><u>\$ 84,817</u></u> ⁽³⁾
Net combined total debt			<u><u>\$ 84,768</u></u> ⁽³⁾

Ratios to 2007-08 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.75%

Ratios to Adjusted Assessed Valuation:
Combined direct debt 1.17%
Gross combined total debt 17.55%
Net combined total debt 17.54%

State School Building Aid Repayable as of 6/30/08: \$ -

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

City of Cathedral City
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
1999	\$ 243,624	-	243,624	0.00%
2000	251,189	-	251,189	0.00%
2001	282,365	-	282,365	0.00%
2002	317,762	-	317,762	0.00%
2003	349,831	-	349,831	0.00%
2004	383,334	-	383,334	0.00%
2005	429,660	-	429,660	0.00%
2006	486,825	-	486,825	0.00%
2007	577,285	-	577,285	0.00%
2008	653,470	-	653,470	0.00%

Legal Debt Margin Calculation for Fiscal Year 2008:

Assessed value	<u>\$ 4,356,468</u>
Debt limit (15% of total assessed value)	\$ 653,470
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 653,470</u>

Notes to Schedule:

Note 1: The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

Source: City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2007/08 Combined Tax Rolls)

City of Cathedral City
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in thousands)

Fiscal Year	Tax Allocation Bonds (Non-Housing)			
	Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest	
1999	\$ 9,408	835	1,715	3.69
2000	10,016	870	1,682	3.92
2001	11,834	910	2,167	3.85
2002	13,686	1,010	2,393	4.02
2003	15,643	1,055	2,219	4.78
2004	12,232	1,710	3,226	2.48
2005	14,069	1,565	2,607	3.37
2006	18,330	1,430	3,202	3.96
2007	20,970	1,635	3,548	4.05
2008	23,095	1,725	8,192	2.33

Fiscal Year	Tax Allocation Bonds (Housing)			
	Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest	
1999	\$ 2,349	-	-	-
2000	2,499	-	-	-
2001	2,959	-	-	-
2002	3,426	-	-	-
2003	3,870	-	-	-
2004	3,058	380	1,071	2.11
2005	3,517	610	1,034	2.14
2006	4,583	630	1,033	2.76
2007	5,242	645	1,032	3.13
2008	5,774	670	1,033	3.39

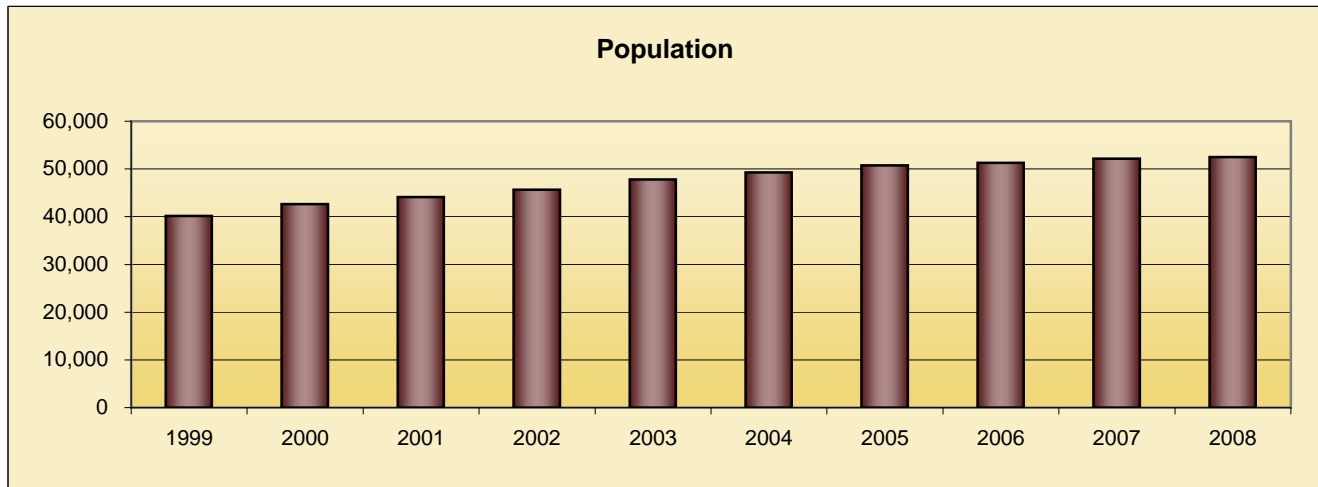
Fiscal Year	Lease Revenue Bonds			
	Lease Revenues	Debt Service		Coverage
		Principal	Interest	
1999	\$ 780	-	519	1.50
2000	769	365	570	0.82
2001	641	260	553	0.79
2002	876	275	540	1.07
2003	753	290	526	0.92
2004	758	305	510	0.93
2005	747	320	494	0.92
2006	753	335	476	0.93
2007	744	355	458	0.92
2008	736	375	477	0.86

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Cathedral City Finance Department

City of Cathedral City
Demographic and Economic Statistics
Last Ten Years



Year	Population ^{1, 2}	Personal Income	Per Capita Personal Income ^{3, 4}	Unemployment Rate ⁵
1999	40,166	\$ 620,283,538	\$ 15,443	4.70%
2000	42,647	691,521,105	16,215	5.30%
2001	44,081	744,704,414	16,894	5.10%
2002	45,624	776,429,232	17,018	6.20%
2003	47,799	830,890,017	17,383	6.70%
2004	49,294	887,242,706	17,999	6.00%
2005	50,759	956,299,560	18,840	5.30%
2006	51,284	1,006,551,068	19,627	5.00%
2007	52,151	Not available	Not available	5.80%
2008	52,465	Not available	Not available	8.10%

Notes to Schedule:

Note 1: Per capita personal income for the year 2000 was based on the 2000 U.S. Census. Amounts for 1999, and 2001 through 2006 was estimated using the 2000 U.S. Census amount and adjusting it based on the annual change in per capita personal income per the U.S. Department of Commerce, Bureau of Economic Affairs for Riverside County, California. Data by city is not available.

Note 2: Per capita personal income and population data are as of the beginning of the calendar year (January).

Note 3: Unemployment rates are as of June for each year and are not seasonally adjusted. The unemployment rate for June 2008 is a preliminary rate.

Note 4: Personal income was estimated using the population and per capital personal income data. Per capita personal income information is not currently available from the U.S. Department of Commerce, Bureau of Economic Affairs for the years 2007 and 2008.

Source: ¹ State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2001-2008, with 2000 Benchmark*. Sacramento, California, May 2008; ² State of California, Department of Finance, *E-4 Historical Population Estimates for City, County and the State, 1991-2000, with 1990 and 2000 Census Counts*. Sacramento, California, August 2007; ³ U.S. Bureau of the Census, 2000 Census of Population and Housing; ⁴ U.S. Department of Commerce, Bureau of Economic Affairs, *Local Area Personal Income*; ⁵ U.S. Department of Labor, Bureau of Labor Statistics, *Local Area Unemployment Statistics, 1998 - 2008*

**City of Cathedral City
Principal Employers
Current Year and Nine Years Ago**

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Target	370	1	1.52%	NA	NA	NA
Addus Healthcare	310	2	1.27%	NA	NA	NA
Doral Desert Princess Resort	300	3	1.23%	NA	NA	NA
Cathedral City High School	210	4	0.86%	NA	NA	NA
Palm Springs Lincoln-Mercury	201	5	0.82%	NA	NA	NA
Acura of the Desert	200	6T	0.82%	NA	NA	NA
City of Cathedral City	200	6T	0.82%	NA	NA	NA
Ford Rent-a-Car System	200	6T	0.82%			
Honda of the Desert	200	6T	0.82%	NA	NA	NA
Legacy Rooms Express	200	6T	0.82%	NA	NA	NA
Palm Springs Unified School District	200	6T	0.82%			
Toyota of the Desert	200	6T	0.82%	NA	NA	NA
Totals	2,791		11.44%	-		0.00%
Total employees	24,373			18,559		

Notes to Schedule:

Note 1: Principal employer data from nine years ago is not available (NA).

Note 2: Total employees for 2008 is a preliminary total.

Source: U.S. Department of Labor, Bureau of Labor Statistics; InfoUSA.com

City of Cathedral City
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	1999	2000	2001	2002	2003
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Manager	3.00	2.50	2.50	3.50	3.50
City Clerk	1.00	1.00	2.00	2.00	2.00
Economic Development	0.50	1.00	1.00	2.00	2.00
Finance	9.50	9.50	9.00	8.00	5.00
Housing	3.33	4.33	5.00	6.50	5.50
Human Resources	1.00	1.00	2.00	2.00	2.00
Redevelopment	4.17	4.67	5.00	6.00	4.00
Management Information Systems	2.00	3.00	4.00	2.00	3.00
Public Works:					
Public Works	12.00	13.50	13.50	12.00	14.00
Public Maintenance	11.50	10.50	10.50	10.00	8.00
Public Safety:					
Police:					
Officers	46.00	44.00	48.00	45.00	46.00
Civilians	31.00	30.50	36.00	32.00	26.50
Fire:					
Firefighters and paramedics	44.00	44.00	44.00	36.00	33.00
Civilians	7.00	7.50	9.00	9.00	9.00
Community Development:					
Planning	2.00	2.00	6.00	6.00	5.00
Building	4.00	4.50	6.00	7.00	8.00
Engineering	7.00	8.00	8.00	6.00	7.00
Recreation	6.00	6.00	6.00	6.00	6.00
Solid Waste	-	-	1.00	-	-
Total	200.00	202.50	223.50	206.00	194.50

Source: City of Cathedral City (Human Resources Department)



Fiscal Year					Function
2004	2005	2006	2007	2008	
5.00	5.00	5.00	5.00	5.00	General Government:
4.50	4.50	6.00	6.00	6.00	City Council
2.00	2.00	2.00	1.00	2.00	City Manager
2.00	2.00	1.00	1.00	1.00	City Clerk
8.00	9.50	9.00	8.50	9.50	Economic Development
5.00	6.00	5.00	5.00	3.00	Finance
2.00	2.50	3.50	3.50	3.50	Housing
4.00	5.00	5.00	4.00	5.00	Human Resources
3.00	1.00	3.00	3.00	3.00	Redevelopment
					Management Information Systems
15.00	14.00	13.00	15.00	17.00	Public Works:
8.00	10.00	12.00	11.50	14.50	Public Works
					Public Maintenance
45.00	47.00	50.00	53.00	55.00	Public Safety:
26.50	25.00	31.50	33.50	43.00	Police:
					Officers
					Civilians
36.00	37.00	34.00	42.00	40.00	Fire:
9.00	9.00	9.00	9.00	10.00	Firefighters and paramedics
					Civilians
4.00	5.00	5.00	5.00	5.00	Community Development:
5.00	6.00	7.00	8.00	9.00	Planning
7.00	7.00	7.00	7.00	7.00	Building
-	-	-	-	-	Engineering
-	-	-	-	-	Recreation
					Solid Waste
191.00	197.50	208.00	221.00	238.50	Total

**City of Cathedral City
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year				
	1999	2000	2001	2002	2003
Public Works:					
Streets maintained (miles)	NA	NA	NA	NA	NA
Public Safety:					
Police:					
Physical arrests	NA	1,117	1,162	2,193	2,017
Parking violations	NA	NA	NA	NA	NA
Traffic violations	NA	4,906	5,189	7,498	8,731
Fire (note 2):					
Number of 9-1-1 calls answered	2,960	3,491	4,177	4,209	4,405
Inspections	NA	NA	NA	9,391	9,023
Code complaints	NA	NA	NA	1,467	2,762
Property/vehicle abatements	NA	NA	NA	256	268
Graffiti	NA	NA	NA	563	614
Notices/citations issued	NA	NA	NA	1,496	2,066
Community Development:					
Building permits issued	1,611	1,931	2,056	2,030	2,287

Notes to Schedule:

Note 1: Information for the year is not available (NA).

Note 2: Fire statistics are for the calendar year end, not fiscal year end.

Source: City of Cathedral City (various departments)



Fiscal Year					Function
2004	2005	2006	2007	2008	
NA	NA	NA	122	154	Public Works: Streets maintained (miles)
					Public Safety:
					Police:
1,800	1,727	1,729	1,867	1,863	Physical arrests
865	848	1,039	1,060	2,492	Parking violations
7,320	10,500	8,868	5,838	4,400	Traffic violations
					Fire (notes 1 and 2):
4,370	4,927	4,546	4,620	NA	Number of 9-1-1 calls answered
3,896	3,587	193	137	NA	Inspections
2,318	6,824	5,483	3,997	NA	Code complaints
207	370	180	175	NA	Property/vehicle abatements
1,264	1,456	1,618	1,618	NA	Graffiti
1,221	2,284	1,536	1,354	NA	Notices/citations issued
					Community Development:
2,065	2,204	2,241	1,466	1,679	Building permits issued

**City of Cathedral City
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year				
	1999	2000	2001	2002	2003
Public Works:					
Streets (miles)	NA	NA	NA	NA	NA
Streetlights	991	1,008	1,029	1,072	1,107
Traffic signs	4,283	4,283	4,283	4,283	4,283
Traffic signals	36	40	40	43	43
Public Safety:					
Police:					
Stations	1	1	1	1	1
Patrol units	34	38	48	52	58
Fire stations	3	3	3	3	3
Community Development:					
Parks	7	7	7	7	7
Parks acreage	24	24	24	24	24
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

Notes to Schedule:

Note 1: No capital asset indicators are available for the general government function.

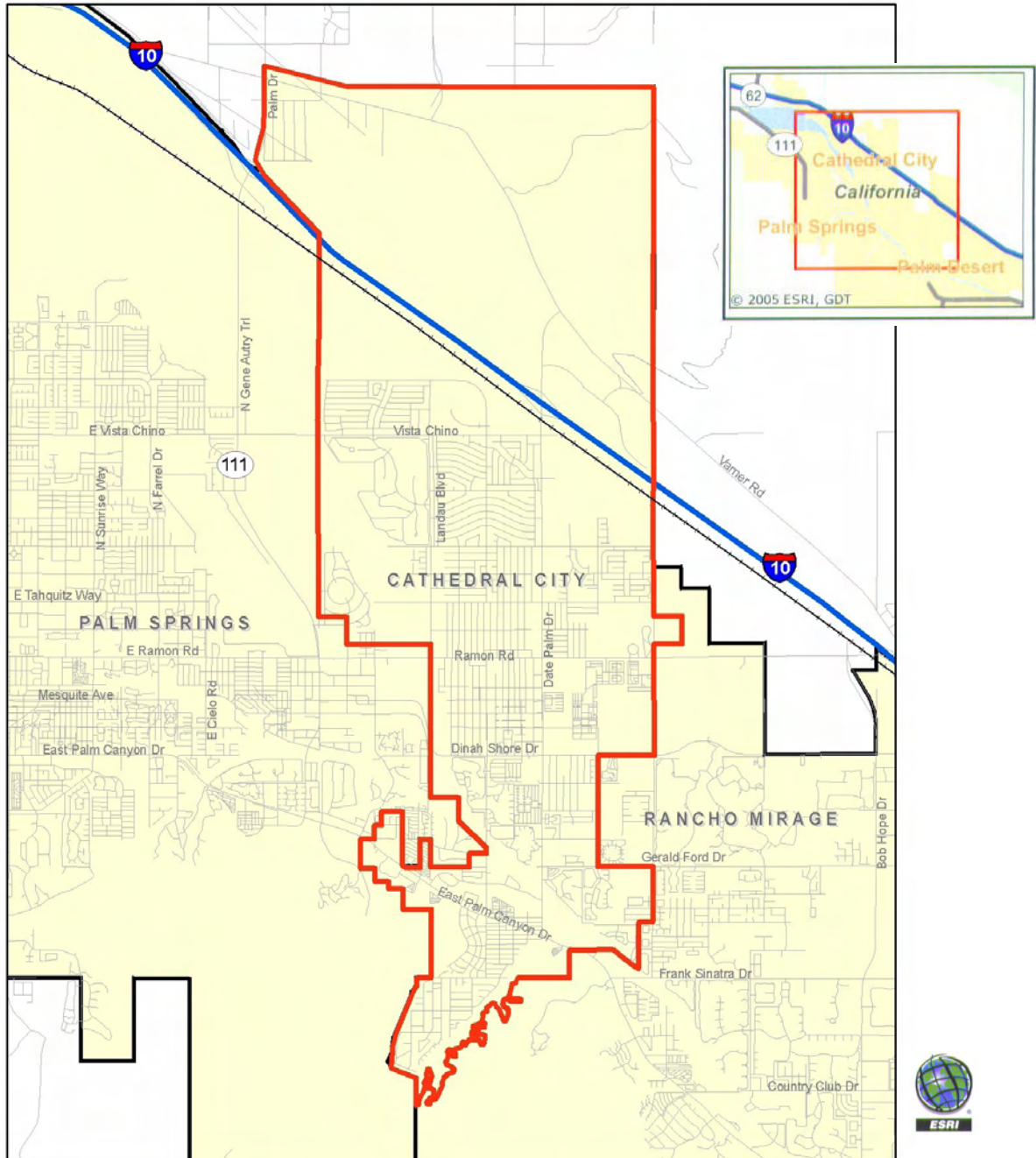
Note 2: Information for the year is not available (NA).

Source: City of Cathedral City (various departments)



Fiscal Year					Function
2004	2005	2006	2007	2008	
NA	NA	NA	122	154	Public Works:
1,119	1,136	1,144	1,161	1,161	Streets (miles)
4,283	4,283	4,283	4,283	4,283	Streetlights
43	46	46	46	46	Traffic signs
					Traffic signals
					Public Safety:
					Police:
1	1	1	1	1	Stations
61	65	78	83	82	Patrol units
3	3	3	3	3	Fire stations
					Community Development:
7	7	7	7	9	Parks
24	24	24	24	42	Parks acreage
1	1	1	1	1	Community centers
1	1	1	1	1	Libraries

City of Cathedral City
City of Cathedral City Map



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